

**BOARD OF DIRECTORS**  
**MEETING MINUTES**

**Date and Time**

April 15, 2021, 12:30 p.m.

**Location**

Meeting conducted electronically.

Anchor Location: UAC/UCIP Offices, 5397 S Vine St, Murray, Utah

**Directors Participating Electronically via GoToMeeting**

Bruce Adams, *President*, San Juan County Commissioner

William Cox, *Vice President*, Rich County Commissioner

Karla Johnson, *Secretary/Treasurer*, Kane County Clerk/Auditor

Blaine Breshears, Morgan County Sheriff

Christopher Crockett, Weber County Deputy Attorney

Dean Cox, Washington County Commissioner

Scott Jenkins, Weber County Commissioner

Jim Kaiserman, Wasatch County Surveyor

Bob Stevenson, Davis County Commissioner

David Tebbs, Garfield County Commissioner

Mark Whitney, Beaver County Commissioner

Mike Wilkins, Uintah County Clerk/Auditor

Melissa Yergensen, Duchesne County Personnel Director

**Directors Unable to Participate**

All Board Members participated electronically

**Officers Participating Electronically**

Johnnie Miller, UCIP Chief Executive Officer

Sonya White, UCIP Chief Financial Officer

**Others Participating Electronically**

Alex Getts, UCIP Education & Training Specialist

**Call to Order**

Bruce Adams called the meeting of the Utah Counties Indemnity Pool's Board of Directors to order at 12:30 p.m. on April 15, 2021 and welcomed those participating. Bruce Adams led the Pledge of Allegiance.

**Review/Excuse Board Members Absent**

All Board Members were participating.

**Review/Approve February 18, 2021 Meeting Minutes**

The draft minutes of the Board of Directors meeting held February 18, 2021 were previously sent to the Board Members for review (see attachment number one). Karla Johnson made a motion to approve the February 18, 2021 Board of Directors meeting minutes as written. William Cox seconded the motion, which passed unanimously.

**Review/Approve Conflict of Interest Disclosures**

Bruce Adams reported that he has reviewed each Director's and Officer's conflict of interest disclosure and explained that no conflicts, pursuant to Article 14 of the UCIP Bylaws, had been disclosed. Adams noted he was still awaiting William Cox's conflict of interest statement. Cox reported he would submit his statement for review.

**Review/Appoint Committees of the Board**

Bruce Adams reported that the Committees of the Board needed to be reviewed following the resignation of Alma Adams from the Board (see attachment number two). William Cox made a motion to replace Alma Adams with David Tebbs on the Audit Committee. Karla Johnson seconded the motion, which passed unanimously. Mike Wilkins made a motion to replace Alma Adams with David Tebbs on the Governance Committee. Scott Jenkins seconded the motion, which passed unanimously. Bob Stevenson made a motion to replace Alma Adams with David Tebbs on the Nominating Committee. Karla Johnson seconded the motion, which passed unanimously.

**Ratification/Approval of Payments and Credit Card Transactions**

Karla Johnson reported that she reviewed the payments made, the payments to be made and the credit card transactions of the Pool as of April 15, 2021 (see attachment number three). Karla Johnson made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Mike Wilkins seconded the motion, which passed unanimously.

**Review/Approve 2020 Actuarial Reserve Analysis**

Johnnie Miller presented the draft 2020 Actuarial Reserve Analysis (see attachment number four). Miller reported that for the years of 2005 through 2008, all claims had been completely closed. Miller reported that graphs were broken into sections with green bars representing estimates of additional amounts to be paid on claims, whereas yellow bars represented the actuary's estimates based on the Pool's history. Miller reported on the Comparison of Estimated Ultimate Incurred Losses, noting that the oldest years show no further changes to amounts of claims paid had been made. Miller noted that from 2009 on the report reflected changes to claims expected to be paid. Miller noted that for most years the estimated amounts for claims to be paid are expected to be less than the actuary's original estimates, further reporting that the total amount of reserves for prior years through 2019 improved by 2% from actuary estimates in 2019. Miller reported that the Unallocated Loss Adjustment Expense report accounts for how much the Pool would need to pay an outside adjusting firm to handle administrative work for claims resolution if the Pool were to shut down. Miller reported that the Total Estimates Loss and Loss Adjustment Reserve represented the expected claims through 2020 totaled \$8,780,332. Miller reported the Pool created the Claim Deterioration Fund to compensate in the event that claims deteriorate, setting aside extra money to pay dividends. Miller reported the Claim Deterioration Fund currently stands at \$660,000. Miller recommended the Board approve the amount of \$8,780,332 as the Expected Loss and Loss Adjustment Reserve, \$109,550 for Unallocated Loss Adjustment Expenses to be used for financial statements, and to adjust the Claim Deterioration Fund by adding an additional \$500,000 to that fund for a \$1,160,000 total. Bob Stevenson made a motion to approve the 2020 Actuarial Reserve Analysis as presented. Karla Johnson seconded the motion, which passed unanimously.

**Review/Approve 2020 Financial Audit**

Mike Wilkins explained that pursuant to the Audit Committee meeting with the independent auditors of Larson and Company, the draft 2020 audit of financial statements (see attachment number five) were previously sent to the Board for review. Wilkins reported that the auditor opined that the financial statements present fairly, in all material respects, the financial position of the Pool. Wilkins reported the Pool's operating revenue experienced an increase of \$408,000 in net position. Mike Wilkins made a motion to approve the 2020 Financial Audit as presented. William Cox seconded the motion, which passed unanimously.

**Review/Approve URS Contribution Rates**

Sonya White presented on the 2021 Utah Retirement Systems (URS) contribution rates to the Board (see attachment number six). White reported three employees were at the 18.47% rate under the Tier 1 system, one employee under the 16.07% rate of the Tier 2 DB system and the 6.69% rate of the Tier 2 DC system. Scott Jenkins made a motion to approve the URS Contribution Rates as presented. William Cox seconded the motion, which passed unanimously.

**Review/Approve First Quarter 2021 Financials**

Sonya White reviewed the first quarter 2021 unaudited financial statements with the Board (see attachment number seven). White provided a comparison on the Balance Sheet (Statement of Net Position) showing first quarter ending 2020, year ending 2020 and first quarter ending 2021. Cash and cash equivalents includes all bank accounts as well as the Zions Wealth Advisors cash account held with PTIF for a total of \$16,208,985. Short term investments stood at \$803,037. Prepaid expenses includes accrued reinsurance costs, the Pool's LocalGovU subscription, claims system, and fraud hotline, totaling \$1,210,746. Long term investments were down from the year end 2020, at \$678,486. Capital contributions include the Pool's membership and

allocation of equity in Counties Reinsurance, Ltd. (CRL) and premiums and allocation of equity in the CRL Property Plus program for a total of \$3,564,807. Property and equipment includes land and assets owned by the Pool, totaling \$535,295. Deferred outflows were down from year end 2020 at \$132,055. Total assets and deferred outflows of resources stood at \$23,133,411. Reserves for losses and loss adjustment expenses included incurred but not reported claims, claims reserves and unallocated loss adjustment expenses, totaling \$8,889,882. Accrued expenses included sick and vacation pay accrued by staff, as well as monies paid out in 2021 for 2020 expenses, totaling \$162,086. Contributions paid in advance are unearned contributions totaling \$5,497,655. Net pension liability stands at \$163,821 and deferred inflows related to pensions stands at \$87,645. Unrestricted net position includes the rate stabilization and claim deterioration funds totaling \$7,803,080. The Pool has accrued \$1,832,592 in contributions collected, 25% of budget, while investment income stood at \$21,788, 7% of budget. White reported that other income includes services for nonmember counties, specifically Cache and Carbon who participate in the Pool's fraud hotline, cabinets the Pool sold, and monies received from the use of the Pool's US Bank credit card, totaling \$636. Loss and loss adjustment expenses, composed of paid claims for the first quarter of 2021, totaled \$1,980,162, or 53% of budget. Accrued reinsurance coverage totaled \$532,095. Administration expenses at first quarter ending are risk management at \$15,676, financial/professional at \$7,000, and personnel expenses at \$205,500. The Pool's change of net position decreased \$894,158, primarily due to claims paid, with the net position at end of quarter standing at \$8,332,321. Johnnie Miller added that investment income is at 7% of budget and noted that the Board increased this budget item for the 2020 and 2021 year. Miller explained that with the Pool's membership in CRL, an entity that can invest in the stock market, a more positive result can be yielded depending on where interest rates end up. UCIP's equity in CRL increased by \$167,000 in 2020. Mike Wilkins made a motion to approve the first quarter 2021 financial statements as presented. Scott Jenkins seconded the motion, which passed unanimously.

#### **Review/Approve UAC Cooperative Services Agreement**

Johnnie Miller provided the Board with the Utah Association of Counties (UAC) Cooperative Services Agreement as presently drafted, detailing the relationship between the organizations and mutual benefits of their partnership (see attachment number eight). Miller noted that under the Agreement UAC will promote the Pool, display the its logo, and market the Pool in their promotional items; allow UCIP to participate at the highest level of UAC's corporate partnership program with all associated benefits; grant the Pool first right of refusal for space at UAC conferences and events and sponsorship for events, sponsorship of UAC conference name badges and advertising in the UAC directory, membership directory, or other UAC publications; and UAC will promote the Pool as the Association's preferred training partner. All of these benefits occur at the exclusion of the Pool's direct competitors. Reciprocally, the Pool will promote UAC and display the Association's logo at all UCIP trainings and events, recognize UAC as a major sponsor of the Pool, recognize UAC as a major sponsor of UCIP at all workshops, and will not allow competitors of UAC to sponsor UCIP trainings and events. The Pool will continue to assist sponsoring UAC events and conferences and provide in-kind support by transporting UAC's materials to conferences with the UCIP trailer, and assist with conference/event set-up and registration. The Pool will provide presentations and trainings to UAC members, promote UAC at all UCIP events, and continue to rent space in the UAC building and share expense of utilities. Miller reported that the Agreement calls for the shared cost of a UAC/UCIP receptionist. Miller agreed to this provision if the cost was reasonable, and noted that Sonya White determined an outside employment hire would be considerably cheaper. Miller provided this information to UAC CEO Brandy Grace, who found this option agreeable. However, Miller reported that UAC had since hired a full-time front desk receptionist, which was not what Miller had agreed to. Miller reported that he does not recommend agreeing to this point now as UAC's receptionist doesn't provide enough value to UCIP. Miller noted that under the Agreement, UCIP will also pay an Annual Base Sponsorship Fee to UAC. The Board previously authorized Miller to negotiate up to \$20,000, but he is currently offering UAC \$17,500. Miller reported that the UAC Executive Committee met regarding the Agreement the morning of April 15, but did not come to an agreement. Miller reported that some on the Executive Committee did not understand why the Pool did not want direct competitors at UAC conferences and events, while others wanted more money. Bruce Adams recommended Miller negotiate up to \$20,000 and negotiate with Grace based off existing contracts between UCIP and UAC. Mike Wilkins asked if the Agreement includes rent the Pool pays for its office space. Miller confirmed that it does not, informing the Board that the rental agreement is \$36,000 annually, and covers half of the utilities for the UAC building. Miller reported that the rental agreement provides UCIP five offices, 1,000 square feet of storage in the basement, and use of the training and board rooms for UCIP events and meetings. Miller reported that, due to construction projects on UAC's part, UCIP no longer has storage in the basement and is renting offsite space to accommodate. Miller also reported that the training room has been converted into offices for UAC's economic development staff; for UCIP to host trainings or other meetings, it will need to be done offsite and at additional cost to the Pool.

Christopher Crockett asked whether this resulted in a reduction of rent due to losing these benefits. Miller reported that it did not. Adams noted this could be a negotiating chip for Miller to utilize when meeting with Grace. Miller noted UAC has not acknowledged breaching the rental agreement, but indicated he is trying to build the UAC/UCIP relationship. Miller noted that, due to COVID, not having the training room hasn't been troublesome but will become an issue as the pandemic winds down and things return to normal. Crockett stated that he understood wanting to preserve relationship with UAC, but that UAC be equitable; if the rental agreement isn't being honored, it should be modified. Scott Jenkins noted that in the long term it looks like UAC is growing and UCIP is being squeezed, and that it may be prudent to look for a new facility for the Pool. Miller reported this is something he and Sonya White have discussed. Miller reported that UAC activities are becoming disruptive to UCIP, noting the training room office conversion took months, and that during the week of April 5-9 UAC brought in contractors to blow insulation into the building's interior walls without notification to UCIP. Miller noted that staff could not take phone calls due to the noise of the insulation installation. Miller reported that long-term it is incumbent to consider looking at options for other space. Jenkins asked whether the Pool should purchase property and build its own office. Miller reported that UCIP owns property, noting his predecessor bought property in Sandy in 2007. When Miller took over as CEO in 2008, it didn't seem prudent to build on the land at the time. Miller noted the Pool has been trying to sell the property for profit for years. Miller reported the property the Pool owns would allow for the construction of a 6,500 square foot building. Jenkins noted that it may be worth building on the land. Bob Stevenson asked whether UAC completing construction on a conference room in the basement within the next few years would it alleviate current issues. Miller noted it would in terms of meeting space. Stevenson asked whether, if the Pool constructed its own building whether it would lease out some of the space. Miller noted that leasing space must be done to another government or non-profit entity at below market value to maintain the Pool's tax exempt status. Miller noted that a 6,500 square foot office is on par with the space UCIP leased prior to moving into the UAC building and would accommodate a large workroom, Board room, and a large training room. Miller reported that counties and other groups could utilize the old facility as well, noting that a new UCIP building would follow in that tradition. Adams recommend Miller negotiate up to the \$20,000 the Board previously approved and use the existing rental agreement as a negotiating chip as discussed. Miller agreed, but noted staff's concern is receiving an answer to the Agreement prior to UAC Management Conference in May in order to confirm the exclusion of the Utah Local Governments Trust. Miller noted he has been trying to get this agreement in place with UAC for the last ten years. Crockett asked what is holding up the UAC Executive Committee's decision. Miller reported that the Executive Committee has had substantial turnover, and progress previously made has to start over with new members who do not understand why the Pool is willing to pay more for UAC/UCIP benefits. Crockett noted he was curious what Grace will have to say following the Executive Committee's meeting. Miller reported having little discussion with Grace on an ongoing basis, noting he had met with Grace a month ago, but in the interim several issues had arisen with no subsequent follow-up. Miller reported that he didn't know about the Executive Committee meeting until Stan Summers, UAC's president, called on a separate matter and subsequently informed Miller of the meeting. Miller reported that he wants a good working relationship with UAC, but it is currently a difficult situation.

#### **Set Date and Time for Closed Meeting**

Scott Jenkins made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Dean Cox seconded the motion, which passed unanimously.

#### **Action on Personnel Matters**

Scott Jenkins made a motion to strike agenda item: *Action on Personnel Matters*. Dean Cox seconded the motion, which passed unanimously.

#### **Set Date and Time for Closed Meeting**

Christopher Crockett made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Mike Wilkins seconded the motion, which passed unanimously.

#### **Action on Litigation Matters**

Christopher Crockett made a motion to strike agenda item: *Action on Litigation Matters*. Mike Wilkins seconded the motion, which passed unanimously.

#### **Chief Executive Officer's Report**

Johnnie Miller reported that he has been conducting several trainings for the membership in-person. Miller reported that he had represented UCIP at the UAC Transportation Conference April 7 – 8, 2021. Miller

reported establishing good contacts with members in attendance, and had discussions with non-member counties about returning to the Pool. Miller reported that the Pool will plan on participating in this conference annually. Miller reported that Pool operations continue to run smoothly.

#### **Board Training and Strategic Planning**

Sonya White reported that she, Bob Stevenson and Melissa Yergensen will attend the Association of Governmental Risk Pools (AGRiP) Virtual Assembly, May 18-20. They will subsequently report to the Board. White reported that she is currently working on the Strategic Planning agenda and activities.

#### **Other Business**

The next meeting of the Board of Directors will be held Friday, June 18, 2021 at 8:30 a.m.

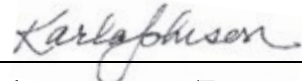
Mike Wilkins made a motion to adjourn the meeting of the Utah Counties Indemnity Pool Board of Directors at 1:53 p.m. on April 15, 2021. Bob Stevenson seconded the motion, which passed unanimously.

Prepared by:



Alex Getts, UCIP Education & Training Specialist

Submitted on this 17 day of June 2021



Karla Johnson, Secretary/Treasurer

Approved on this 17 day of June 2021



Bruce Adams, President



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Notice Title: Board of Directors Meeting

Government Type: Interlocal

Entity: Utah Counties Indemnity Pool

Body Name: Board of Directors

Notice Subject: Administrative Services

Notice Type: Meeting

Street Address: 5397 South Vine Street

Street Address continued:

City: Murray

Zip: 84107

Start Date: April 15, 2021 12:30 PM

End Date:

Deadline Date:

Description / Agenda: Review/Excuse Board Members Absent

Review/Approve February 18, 2021 Meeting Minutes

Review/Approve Conflict of Interest Disclosures

Review/Appoint Committees of the Board Members

Ratification/Approval of Payments and Credit Card Transactions

Review/Approve 2020 Actuarial Reserve Analysis

Review/Approve 2020 Financial Audit

Review/Approve URS Contribution Rates

Review/Approve First Quarter 2021 Financials

Review/Approve UAC Cooperative Services Agreement

Set Date and Time for Closed Meeting to Discuss Character,

Professional Competence, Physical/Mental Health of an Individual

Action on Personnel Matters

Set Date and Time for Closed Meeting to Discuss Pending or

Reasonably Imminent Litigation

Action on Litigation Matters

Chief Executive Officer's Report

Board Training and Strategic Planning

ADA: In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah

Counties Indemnity Pool, 5397 S Vine St, Murray, UT 84107-6757, or call 801-565-8500, at least three days prior to the meeting.

**Electronic Participation:** Any Member of the Utah Counties Indemnity Pool Board of Directors may participate telephonically.

**Other:**

**Emergency Notice:** No

**Send copy of notice to:** [legals@sltrib.com](mailto:legals@sltrib.com)

**Audio File Location:**

**Attachments:** There are attachments associated with this notice.

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**UTAH COUNTIES INDEMNITY POOL**  
Board of Directors Electronic/Virtual Meeting  
Thursday, April 15, 2021, 12:30 p.m.

## AGENDA

12:30 Open Meeting, Pledge of Allegiance Bruce Adams

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ITEM	ACTION	
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1.	Review/Excuse Board Members Absent	Bruce Adams
2.	Review/Approve February 18, 2021 Meeting Minutes	Karla Johnson
3.	Review/Approve Conflict of Interest Disclosures	Bruce Adams
4.	Review/Appoint Committees of the Board Members	Bruce Adams
5.	Ratification/Approval of Payments and Credit Card Transactions	Karla Johnson
6.	Review/Approve 2020 Actuarial Reserve Analysis	Johnnie Miller
7.	Review/Approve 2020 Financial Audit	Karla Johnson
8.	Review/Approve URS Contribution Rates	Sonya White
9.	Review/Approve First Quarter 2021 Financials	Sonya White
10.	Review/Approve UAC Cooperative Services Agreement	Johnnie Miller
11.	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Bruce Adams
12.	Action on Personnel Matters	Melissa Yergensen
13.	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Bruce Adams
14.	Action on Litigation Matters	Christopher Crockett

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**INFORMATION**

15.	Chief Executive Officer's Report	Johnnie Miller
16.	Board Training and Strategic Planning	Sonya White

Electronic Meeting Notice:

[Join Zoom Meeting](#), Meeting ID: 98005337773, Passcode: 7876688

By phone: 1-669-900-9128

Anchor Location: 5397 S Vine St, Murray, UT





## **BOARD OF DIRECTORS MEETING MINUTES**

### **Date and Time**

February 18, 2021, 12:30 p.m.

### **Location**

Meeting conducted electronically.

Anchor Location: UAC/UCIP Offices, 5397 S Vine St, Murray, Utah

### **Directors Participating Electronically via GoToMeeting**

Bruce Adams, *President*, San Juan County Commissioner  
William Cox, *Vice President*, Rich County Commissioner  
Karla Johnson, *Secretary/Treasurer*, Kane County Clerk/Auditor  
Blaine Breshears, Morgan County Sheriff  
Christopher Crockett, Weber County Deputy Attorney  
Dean Cox, Washington County Commissioner  
Scott Jenkins, Weber County Commissioner  
Jim Kaiserman, Wasatch County Surveyor  
Bob Stevenson, Davis County Commissioner  
David Tebbs, Garfield County Commissioner  
Mark Whitney, Beaver County Commissioner  
Mike Wilkins, Uintah County Clerk/Auditor  
Melissa Yergensen, Duchesne County Personnel Director

### **Directors Unable to Participate**

All Board Members participated electronically

### **Officers Participating Electronically**

Johnnie Miller, UCIP Chief Executive Officer  
Sonya White, UCIP Chief Financial Officer

### **Others Participating Electronically**

Alex Getts, UCIP Education & Training Specialist

### **Call to Order**

Bruce Adams called the meeting of the Utah Counties Indemnity Pool's Board of Directors to order at 12:30 p.m. on February 18, 2021 and welcomed those participating.

### **Review/Excuse Board Members Absent**

Jim Kaiserman made a motion to excuse Mike Wilkins from this meeting. Scott Jenkins seconded the motion, which passed unanimously.

### **Welcome New Board Member**

Bruce Adams welcomed Garfield County Commissioner David Tebbs to the Utah Counties Indemnity Pool's Board of Directors.

### **Review/Approve December 17, 2020 Meeting Minutes**

The draft minutes of the Board of Directors meeting held December 17, 2020 were previously sent to the Board Members for review (see attachment number one). Dean Cox made a motion to approve the December 17, 2020 Board of Directors meeting minutes as written. Karla Johnson seconded the motion, which passed unanimously.

**Board Appointment—Personnel Director/Personnel Committee Chair**

In October 2020, Melissa Yergensen, Duchesne County Personnel Director, was appointed by the Board to fill the unexpired term of Deb Alexander, Chair of the Personnel Committee. The term expired the end of the year 2020. Mark Whitney made a motion to appoint Melissa Yergensen, Duchesne County Personnel Director, to the Board of Directors and as the Chair of the Personnel Committee, for a four-year term. Karla Johnson seconded the motion, which passed unanimously.

Mike Wilkins joined the Utah Counties Indemnity Pool's Board of Directors Meeting at order at 12:37 p.m.

**Review/Complete Conflict of Interest Disclosures**

The Board tabled this issue until the next Board Meeting when all conflict of interest statements could be collected and reviewed.

**Ratification/Approval of Payments and Credit Card Transactions**

Karla Johnson reported that she reviewed the payments made, the payments to be made and the credit card transactions of the Pool as of February 18, 2021 (see attachment number two). Karla Johnson made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Mike Wilkins seconded the motion, which passed unanimously.

Karla Johnson requested to be excused from the Utah Counties Indemnity Pool's Board of Directors Meeting at order at 12:40 p.m. due to a funeral she must attend.

**Review/Approve Bylaws Coverage Addendum Amendments**

Johnnie Miller reported on changes made to the bylaws coverage addendum (see attachment number four). Miller reported that changes made were meant to bring the addendum's formatting in line with the interlocal agreement and bylaws. Miller reported that coverage parts have been separated with the intent of making the document easier to read and understand for the membership. Miller reported that definitions, endorsements, and exclusions have been folded into the coverage document itself. Miller reported that the listing of participating members has been moved from the endorsements directly to the front of the document with the terms of coverage and contribution payments. Miller reported that mandatory pre-litigation mediation language in the interlocal agreement superseded arbitration and mediation language previously listed in the addendum and has replaced it in this update. Miller reported an update to false or fraudulent charges, clarifying that an individual employee filing a false or fraudulent charge will not result in excluding coverage for the county. Miller reported that the property coverage policy included changes to sublimits as well as \$10 million per incident limit/\$25 million aggregate addition for mold damage from a defined peril. Miller reported the Board previously discussed adding \$500 in coverage for personal or volunteer vehicles that get damaged in service to the county, which is now included in the addendum amendments. Miller reported that the Pool does not provide coverage for buried items with a list of exceptions, noting fiber optic cables have been added to the list of buried items covered. Miller reported a communicable disease exclusion has been included per requirement of the Pool's reinsurer Counties Reinsurance Limited (CRL) in response to the COVID-19 pandemic. Miller reported that the Pool's crime policy includes embezzlement, theft, robbery, forgery and alteration coverage. Miller reported that the Pool jointly purchased \$5 million and \$10 million crime policies for all counties. Miller noted that these policies have a \$250,000 deductible that the Pool pays. Miller reported that the Crime claim reporting provisions were amended using the language from the excess crime policy language to in order to harmonize the documents. Miller reported that Privacy or Security Event liability expense coverage is the updated name for Cyber Liability loss and was similarly changed to harmonize with CRL's language. Miller noted this was previously an endorsement but is now part of the Pool's coverage. Miller reported that payment card industry data security standard (PCI-DSS) assessment coverage had been added to the addendum. Miller reported that electronic equipment and data damage due to a privacy or security event is now covered. Miller noted that the Board previously chose to cover Garfield County's security claim, but the Pool's policy now explicitly covers such incidents. Miller reported that the Pool now covers network interruptions after twelve hours of interruption. Miller noted that there are no deductibles for many liability coverages and removed language from the addendum indicating deductibles. Miller reported that aggregate language from CRL had been added to the addendum to list limits to the coverage as CRL has added coverage but did not increase rates. Miller noted language clarifying a claim cannot be filed under two coverage parts for the same claim and that parties cannot settle a claim without the Pool approving in writing. Miller reported that limited professional health care services had been moved from endorsements into the policy for nurses, physician's assistants, EMT's, and others who provide healthcare services. Miller reported that the addendum amendments defines law enforcement activity and exclusions as they apply. Miller noted a clarification regarding annual aggregates are limited to the Pool's fiscal year. Miller reported that land subsidence was previously listed as an exclusion. CRL nor any other

governmental insurance pools had a similar exclusion, and the exclusion was removed for the counties' benefit. Miller reported that the personal injury definition was removed as it is now separately defined under the general, law enforcement, and public officials' liability coverage parts. Miller reported that the new law enforcement coverage part will make understanding coverage simpler for law enforcement officials, as well as the Pool's Claim's Manager. Miller reported law enforcement coverage applies to any law enforcement activity by a law enforcement agency is covered. Miller reported a change to public officials claims, noting that multiple claims between \$3-5m per claim would be covered up to \$10 million, after which claims up to \$3 million would be covered. Miller reported that employee benefits coverage addresses mistakes related to employee benefits, with a \$5 million per occurrence/ \$10 million aggregate policy. Bob Stevenson made a motion to approve the bylaws coverage addendum as presented, with a March 1, 2021 effective date. Blaine Breshears seconded the motion, which passed unanimously.

#### **Set Date and Time for Closed Meeting**

Bob Stevenson made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Scott Jenkins seconded the motion, which passed unanimously.

#### **Action on Personnel Matters**

Bob Stevenson made a motion to strike agenda item: *Action on Personnel Matters*. Scott Jenkins seconded the motion, which passed unanimously.

#### **Set Date and Time for Closed Meeting**

Christopher Crockett made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. William Cox seconded the motion, which passed unanimously.

#### **Action on Litigation Matters**

Christopher Crockett made a motion to strike agenda item: *Action on Litigation Matters*. William Cox seconded the motion, which passed unanimously.

#### **Chief Executive Officer's Report**

Johnnie Miller reported that he had received a Counties Reinsurance Limited (CRL) Property Plus Program unaudited report. Miller noted that when the program was created, the Pool contributed \$500,000 in voluntary capital. Miller reported that the net income for the program grew from \$807,631 at the end of 2019 to \$5,569,859 by the end of 2020. Miller noted that while final numbers haven't been released yet, the Pool's equity in the program has grown considerably. Scott Jenkins made a motion to accept Miller's report. Mike Wilkins seconded the motion, which passed unanimously.

Miller reported that he is working on several legislative items, including SB 130 regarding the placement of large concentrated animal feeding operations. Miller reported meeting with the bill's sponsor and addressing some of the concerns UCIP's defense attorney had with the bill, and is working on assisting the counties in developing the necessary ordinances this bill will require. Miller reported on a bill that would do away with immunity to all jail deaths that would be detrimental to the Pool, and providing revised language to riot bills in order to retain some immunities for sheriffs. Miller reported providing assistance on an EMS services bill, clarify coverage benefits in regard to volunteers. Miller reported that the Pool's financial auditors would be in office for their annual audit February 22–26. Miller reported meeting with UAC's President Stan Summers and CEO Brandy Grace in further discussion regarding their exclusive endorsement of the Pool. Miller reported that he is working on rewriting the document as a cooperative services agreement as opposed to an endorsement agreement, clarifying that this is not a one-way agreement and reflecting the services UCIP provides to UAC. Miller reported that he will be presenting on liability and insurance at UAC's upcoming newly elected officials training.

#### **Education and Training Schedule**

Sonya White provided the Board with a tentative 2021 schedule for the UCIP Workshops, Board Strategic Planning and AGRIP Conferences (see attachment number four). Workshops will be virtual unless/until directed otherwise. The Board Strategic Planning sessions will be held in person if possible. White explained that the Association of Governmental Risk Pools (AGRiP) conferences are all virtual for 2021.

**Other Business**

The next meeting of the Board of Directors will be held Thursday, April 15, 2020 at 12:30 p.m.

Scott Jenkins made a motion to adjourn the meeting of the Utah Counties Indemnity Pool Board of Directors at 1:54 p.m. on February 18, 2021. William Cox seconded the motion, which passed unanimously.

Prepared by:

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Alex Getts, UCIP Education & Training Specialist

Submitted on this \_\_\_\_\_ day of \_\_\_\_\_ 2021

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Karla Johnson, Secretary/Treasurer

Approved on this \_\_\_\_\_ day of \_\_\_\_\_ 2021

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Bruce Adams, President

## COMMITTEES OF THE BOARD:

### **Audit**

Karla Johnson, *Chair*, Kane County Clerk/Auditor  
Alma Adams, Iron County Commissioner  
William Cox, Rich County Commissioner  
Mike Wilkins, Uintah County Clerk/Auditor

### **Education**

William Cox, *Chair*, Rich County Commissioner  
Melissa Yergensen, Duchesne County Human Resources Director  
Blaine Breshears, Morgan County Sheriff  
Dean Cox, Washington County Commissioner  
Christopher Crockett, Weber County Deputy Attorney  
Mark Whitney, Beaver County Commissioner

### **Governance**

Bruce Adams, *Chair*, San Juan County Commissioner  
Alma Adams, Iron County Commissioner  
Dean Cox, Washington County Commissioner  
Christopher Crockett, Weber County Deputy Attorney  
Scott Jenkins, Weber County Commissioner  
James Kaiserman, Wasatch County Surveyor  
Mike Wilkins, Uintah County Clerk/Auditor

### **Membership Approval**

Mike Wilkins, *Chair*, Uintah County Clerk/Auditor  
Karla Johnson, Kane County Clerk/Auditor  
Bob Stevenson, Davis County Commissioner  
Mark Whitney, Beaver County Commissioner

### **Nominating**

Bob Stevenson, *Chair*, Davis County Commissioner  
Alma Adams, Iron County Commissioner  
Scott Jenkins, Weber County Commissioner  
Karla Johnson, Kane County Clerk/Auditor  
Mark Whitney, Beaver County Commissioner

### **Personnel**

Melissa Yergensen, *Chair*, Duchesne County Human Resources Director  
William Cox, Rich County Commissioner  
Christopher Crockett, Weber County Deputy Attorney

**UTAH COUNTIES INDEMNITY POOL**  
**Payments and Credit Card Transactions**  
February 19 - April 15, 2021

Date	Transaction Type	Num	Name	Memo/Description	Amount
<b>500-000000-10010100 ZionsMLC</b>					
02/19/2021	Check	BILLPAY	Uintah County	Claim: UIN0000332021	-3,929.46
02/19/2021	Check	BILLPAY	Uintah County	Claim: UIN0000322020	-1,405.42
02/19/2021	Check	BILLPAY	Washington County	Claim: WAS0000022020	-86,741.85
02/19/2021	Check	BILLPAY	Nederveld, Inc.	Invoice: 151699	-28,883.00
02/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00649	-143.71
02/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00651	-3,329.63
02/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00653	-2,836.50
02/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00655	-9,900.78
02/19/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 758597	-3,636.49
02/19/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 758600	-6,173.90
02/19/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 758602	-4,790.00
02/19/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 758606	-1,589.00
02/19/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 758607	-2,288.91
02/19/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 758609	-4,990.50
02/19/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 758605	-6,096.62
02/19/2021	Check	ACH	Sedgwick Claims Management Services Inc.	Invoice: B024102710	-3,140.19
02/22/2021	Check	BILLPAY	Garth Ogden	Claim: SEV0000352021	-321.40
02/25/2021	Check	BILLPAY	Swift Transportation	Invoice: 2010200148003	-658.65
02/26/2021	Check	ACH	May Rammell & Wells	Claim: BOX0001212017	-10,000.00
02/26/2021	Check	ACH	Duchesne County	Claim: DUC0000442021	-1,028.30
02/26/2021	Check	ACH	Sedgwick Claims Management Services Inc.	Invoice: SAL20028150/MMS	-5,842.20
02/26/2021	Check	ACH	Kane County	Claim: KAN0000282021	-6,431.12
02/26/2021	Check	ACH	Kane County	Claim: KAN0000292021	-2,284.72
02/26/2021	Check	ACH	Wasatch County	Claim: WAT0000152021	-4,503.18
03/01/2021	Check	ACH	Morgan County	Claim: MOR0000022020	-201,150.29
03/04/2021	Check	BILLPAY	PROAA Enterprises, LLC	Invoice: 21-0999	-3,057.50
03/04/2021	Check	BILLPAY	Enterprise Rent-A-Car Company of UT, LLC	Invoice: 2376B8	-4,130.49
03/04/2021	Check	BILLPAY	Enterprise Rent-A-Car Company of UT, LLC	Invoice: 2478PT	-4,384.92
03/04/2021	Check	BILLPAY	Uintah County	Claim: UIN0000342021	-1,727.48
03/05/2021	Check	ACH	Ruben Reyes	Claim: DAV0000902021	-2,978.87
03/05/2021	Check	ACH	Davis County	Claim: DAV0000922021	-1,245.65
03/05/2021	Check	ACH	Davis County	Claim: DAV0000912021	-842.73
03/05/2021	Check	ACH	Suitter Axland	Invoice: 620	-2,773.80
03/05/2021	Check	ACH	Suitter Axland	Invoice: 621	-3,551.50
03/05/2021	Check	ACH	Suitter Axland	Invoice: 622	-3,884.00
03/05/2021	Check	ACH	Mylar Law, PC	Invoice: 00666	-2,560.00
03/05/2021	Check	ACH	Mylar Law, PC	Invoice: 00667	-2,143.31
03/05/2021	Check	ACH	Goebel Anderson PC	Invoice: 6598	-7,632.00
03/05/2021	Check	ACH	Goebel Anderson PC	Invoice: 6599	-5,230.50
03/05/2021	Check	ACH	Goebel Anderson PC	Invoice: 6600	-6,832.51
03/05/2021	Check	ACH	Goebel Anderson PC	Invoice: 6601	-7,092.00
03/05/2021	Check	ACH	Strong & Hanni	Invoice: 235663	-2,151.00
03/05/2021	Check	ACH	Strong & Hanni	Invoice: 232793	-510.00
03/05/2021	Check	ACH	Suitter Axland	Invoice: 619	-33,354.33
03/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00670	-7,867.75
03/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00671	-3,037.50
03/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00674	-14,345.55
03/19/2021	Check	ACH	Mylar Law, PC	Invoice: 00675	-3,817.50
03/19/2021	Check	ACH	Goebel Anderson PC	Invoice: 6727	-108.00
03/19/2021	Check	ACH	Frontier Adjusters, Inc.	Invoice: T917531	-621.40
03/19/2021	Check	ACH	Kane County	Claim: KAN0000042021	-3,117.94
03/19/2021	Check	ACH	Kane County	Claim: KAN0000292021	-2,099.95
03/19/2021	Check	ACH	Kane County	Claim: KAN0000302021	-19,262.00
03/19/2021	Check	ACH	Millard County	Claim: MIL0000322021	-2,448.87
03/19/2021	Check	ACH	Weber County	Claim: WEB0001002020	-1,933.59
03/24/2021	Check	BILLPAY	Law Office Orin Kerr	Invoice: 1	-8,190.00
03/26/2021	Check	ACH	Beaver County	Claim: BEA0000202020	-3,170.80
03/26/2021	Check	ACH	Davis County	Claim: DAV0000912021	-75.35

Date	Transaction Type	Num	Name	Memo/Description	Amount
03/26/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 764828	-4,265.00
03/26/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 764830	-13,861.23
03/26/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 764836	-5,617.95
03/26/2021	Check	ACH	Dentons Durham Jones & Pinegar	Invoice: 764837	-2,696.50
03/26/2021	Check	ACH	Mylar Law, PC	Invoice: 00680	-1,970.24
03/26/2021	Check	ACH	Mylar Law, PC	Invoice: 00681	-5,077.50
03/26/2021	Check	ACH	ISSD1	Claim: ISD0000012021	-7,860.09
03/26/2021	Check	ACH	Andrea Ross	Claim: WEB0001252021	-627.39
03/26/2021	Check	ACH	Weber County	Claim: WEB0001262021	-1,550.80
03/29/2021	Check	ACH	Christensen & Jensen	Claim: WEB0005462018	-250,000.00
04/01/2021	Check	BILLPAY	State of Utah Motor Pool	Claim: SEV0001202021	-339.48
04/02/2021	Check	ACH	Beaver County	Claim: BEA0000212021	-274.95
04/02/2021	Check	ACH	Kane County	Claim: KAN0000312021	-1,227.25
04/02/2021	Check	ACH	San Juan County	Claim: SAJ0000322021	-2,622.40
04/08/2021	Check	BILLPAY	Washington County	Claim: WAS0000482021	-1,146.39
04/12/2021	Check	ACH	Mylar Law, PC	Invoice: 00690	-8,052.00
04/12/2021	Check	ACH	Suitter Axland	Invoice: 745	-3,030.50
04/12/2021	Check	ACH	Suitter Axland	Invoice: 746	-4,469.00
04/12/2021	Check	ACH	Suitter Axland	Invoice: 747	-2,665.50
04/12/2021	Check	ACH	Goebel Anderson PC	Invoice: 6745	-5,906.30
04/12/2021	Check	ACH	Goebel Anderson PC	Invoice: 6746	-2,284.70
04/12/2021	Check	ACH	Goebel Anderson PC	Invoice: 6747	-11,894.50
04/12/2021	Check	ACH	Goebel Anderson PC	Invoice: 6748	-4,230.00
04/12/2021	Check	ACH	Goebel Anderson PC	Invoice: 6749	-4,824.00
04/12/2021	Check	ACH	Strong & Hanni	Invoice: 235664	-252.98
04/12/2021	Check	ACH	Strong & Hanni	Invoice: 239127	-4,747.00
04/12/2021	Check	ACH	Strong & Hanni	Invoice: 239128	-4,462.50
04/12/2021	Check	ACH	Strong & Hanni	Invoice: 239129	-7,894.50
04/12/2021	Check	ACH	Strong & Hanni	Invoice: 239130	-15,611.50
04/12/2021	Check	ACH	Strong & Hanni	Invoice: 239131	-822.50
04/12/2021	Check	ACH	Strong & Hanni	Invoice: 239133	-2,640.50
04/12/2021	Check	ACH	Sedgwick Claims Management Services Inc.	Invoice: SAL20028170/MMS	-2,924.90
04/12/2021	Check	ACH	Weber County	Claim: WEB0001242021	-2,697.61
<b>Total for 500-000000-10010100 ZionsMLC</b>					<b>-\$ 956,822.27</b>

**500-000000-10010100 ZionsMLE**

02/19/2021	Bill Payment (Check)	ACH	AGRIP	Invoice: 065340	-2,211.01
02/19/2021	Bill Payment (Check)	ACH	Strong & Hanni	Invoice: 232789	-292.50
02/22/2021	Expense				-190.23
02/23/2021	Deposit		WCSSA	2021 ML	1,811.00
02/23/2021	Deposit		US Bank	US Bank Rebate	105.08
02/26/2021	Payroll Check	DD	Korby M. Siggard	Pay Period: 02/16/2021-02/28/2021 02/16/2021 to 02/28/2021	-2,534.22
02/26/2021	Payroll Check	DD	Alexander F. Getts	Pay Period: 02/16/2021-02/28/2021 02/16/2021 to 02/28/2021	-1,279.46
02/26/2021	Payroll Check	DD	Marty L. Stevens	Pay Period: 02/16/2021-02/28/2021 02/16/2021 to 02/28/2021	-1,440.51
02/26/2021	Payroll Check	DD	Sonya J. White	Pay Period: 02/16/2021-02/28/2021 02/16/2021 to 02/28/2021	-2,554.05
02/26/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 02/16/2021-02/28/2021 02/16/2021 to 02/28/2021	-4,083.86
02/26/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 02/16/2021-02/28/2021 02/16/2021 to 02/28/2021	-1,800.00
02/26/2021	Bill Payment (Check)	ACH	By The Numbers Actuarial Consulting, Inc.	Invoice: 2021-041	-7,000.00
02/26/2021	Check	ACH	PEHP-LTD	Agency: 1076	-211.11
02/26/2021	Check	ACH	Public Employees Health Program	Invoice: 0123318940	-8,419.85
02/26/2021	Tax Payment		IRS	Tax Payment for Period: 02/24/2021-02/26/2021	-5,625.69
02/26/2021	Tax Payment		UT State Tax Commission	Tax Payment for Period: 02/01/2021-02/28/2021	-1,969.18
02/26/2021	Check	ONLINE	Utah Retirement Systems	Confirmation: 022621430832	-10,747.21
02/26/2021	Check	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,918.84
03/02/2021	Deposit				1,647.03
03/05/2021	Bill Payment (Check)	BILLPAY	US Bank	4485594555657814	-742.01
03/05/2021	Bill Payment (Check)	ACH	County Reinsurance, Limited	Property True-Up	-25,083.00
03/05/2021	Deposit				9,465.94
03/10/2021	Check	BILLPAY	Uintah County	Airport Policy Cancellation	-1,627.00
03/11/2021	Bill Payment (Check)	BILLPAY	State of Utah Mail	Invoice: L8238604	-148.75
03/11/2021	Deposit				1,235.20
03/12/2021	Check	ACH	Johnnie R. Miller	Expense Reimbursement	-150.75
03/15/2021	Payroll Check	DD	Korby M. Siggard	Pay Period: 03/01/2021-03/15/2021 03/01/2021 to 03/15/2021	-2,534.21
03/15/2021	Payroll Check	DD	Marty L. Stevens	Pay Period: 03/01/2021-03/15/2021 03/01/2021 to 03/15/2021	-1,794.28

Date	Transaction Type	Num	Name	Memo/Description	Amount
03/15/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/01/2021-03/15/2021 03/01/2021 to 03/15/2021	-4,083.86
03/15/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/01/2021-03/15/2021 03/01/2021 to 03/15/2021	-1,800.00
03/15/2021	Payroll Check	DD	Sonya J. White	Pay Period: 03/01/2021-03/15/2021 03/01/2021 to 03/15/2021	-2,554.04
03/15/2021	Payroll Check	DD	Alexander F. Getts	Pay Period: 03/01/2021-03/15/2021 03/01/2021 to 03/15/2021	-1,594.92
03/15/2021	Tax Payment		IRS	Tax Payment for Period: 03/13/2021-03/16/2021	-5,744.67
03/18/2021	Bill Payment (Check)	BILLPAY	Utah Chapter of PRIMA	2021 Membership	-195.00
03/19/2021	Bill Payment (Check)	ACH	Arthur J. Gallagher & Co.	Invoice: 3426638	-4,484.00
03/22/2021	Expense				-133.62
03/26/2021	Check	ACH	PEHP-LTD	Agency: 1076	-216.94
03/26/2021	Check	ACH	Public Employees Health Program	Invoice: 0123346708	-8,419.85
03/26/2021	Deposit				4,507.46
03/29/2021	Deposit				3,595.00
03/31/2021	Payroll Check	DD	Alexander F. Getts	Pay Period: 03/16/2021-03/31/2021 03/16/2021 to 03/31/2021	-1,752.66
03/31/2021	Payroll Check	DD	Sonya J. White	Pay Period: 03/16/2021-03/31/2021 03/16/2021 to 03/31/2021	-2,554.03
03/31/2021	Payroll Check	DD	Marty L. Stevens	Pay Period: 03/16/2021-03/31/2021 03/16/2021 to 03/31/2021	-1,971.16
03/31/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/16/2021-03/31/2021 03/16/2021 to 03/31/2021	-4,083.87
03/31/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 03/16/2021-03/31/2021 03/16/2021 to 03/31/2021	-1,800.00
03/31/2021	Payroll Check	DD	Korby M. Siggard	Pay Period: 03/16/2021-03/31/2021 03/16/2021 to 03/31/2021	-2,534.23
03/31/2021	Tax Payment		IRS	Tax Payment for Period: 03/31/2021-03/31/2021	-5,804.09
03/31/2021	Tax Payment		UT State Tax Commission	Tax Payment for Period: 03/01/2021-03/31/2021	-2,042.05
03/31/2021	Check	ONLINE	Utah Retirement Systems	Confirmation: 03295317823	-10,941.80
03/31/2021	Check	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,918.84
04/02/2021	Check	ACH	Garfield County	2020 WC Coverage Credit	-659.00
04/02/2021	Check	ACH	Morgan County	2020 WC Coverage Credit	-39.00
04/02/2021	Check	ACH	Piute County	2020 WC Coverage Credit	-233.00
04/05/2021	Bill Payment (Check)	ACH	WCF Insurance	Invoice: 7480562	-220,788.00
04/08/2021	Check	BILLPAY	Juab County	2020 WC Coverage Credit	-1,827.00
04/08/2021	Bill Payment (Check)	BILLPAY	US Bank	Account: 7814	-4,405.18
04/08/2021	Deposit		CRL	Claim: WEB0005462018	87,293.81
04/12/2021	Bill Payment (Check)	ACH	HCA Asset Management, LLC	Invoice: 21-1150	-37,640.00
04/12/2021	Bill Payment (Check)	ACH	Strong & Hanni	Invoice: 239126	-890.00
04/12/2021	Bill Payment (Check)	ACH	Utah Safety Council	Invoice: 29334	-4,000.00
04/15/2021	Payroll Check	DD	Sonya J. White	Pay Period: 04/01/2021-04/15/2021 04/01/2021 to 04/15/2021	-2,554.05
04/15/2021	Payroll Check	DD	Alexander F. Getts	Pay Period: 04/01/2021-04/15/2021 04/01/2021 to 04/15/2021	-1,594.93
04/15/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 04/01/2021-04/15/2021 04/01/2021 to 04/15/2021	-4,057.62
04/15/2021	Payroll Check	DD	Johnnie R. Miller	Pay Period: 04/01/2021-04/15/2021 04/01/2021 to 04/15/2021	-1,800.00
04/15/2021	Payroll Check	DD	Marty L. Stevens	Pay Period: 04/01/2021-04/15/2021 04/01/2021 to 04/15/2021	-1,794.28
04/15/2021	Payroll Check	DD	Korby M. Siggard	Pay Period: 04/01/2021-04/15/2021 04/01/2021 to 04/15/2021	-2,534.21
<b>Total for 500-000000-10010100 ZionsMLE</b>					<b>-\$ 326,143.10</b>



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Draft Issued 2/17/21

# UTAH COUNTIES INDEMNITY POOL

## ACTUARIAL REPORT

### Reserve Analysis as of 12/31/20

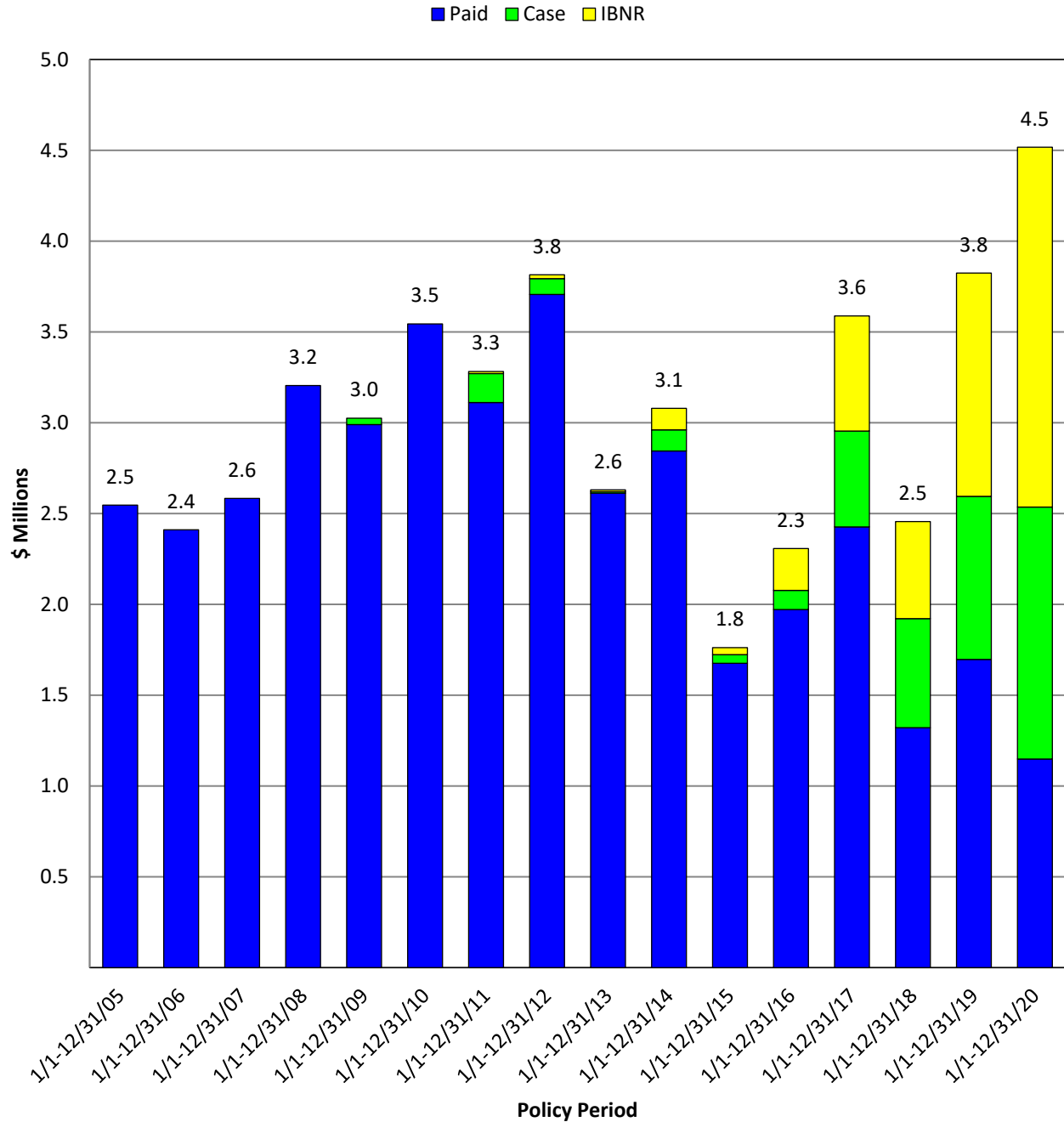
2/17/21

Figure 1

**UTAH COUNTIES INDEMNITY POOL**

**ALL COVERAGES**

**ESTIMATED RETAINED LOSSES AS OF 12/31/20**



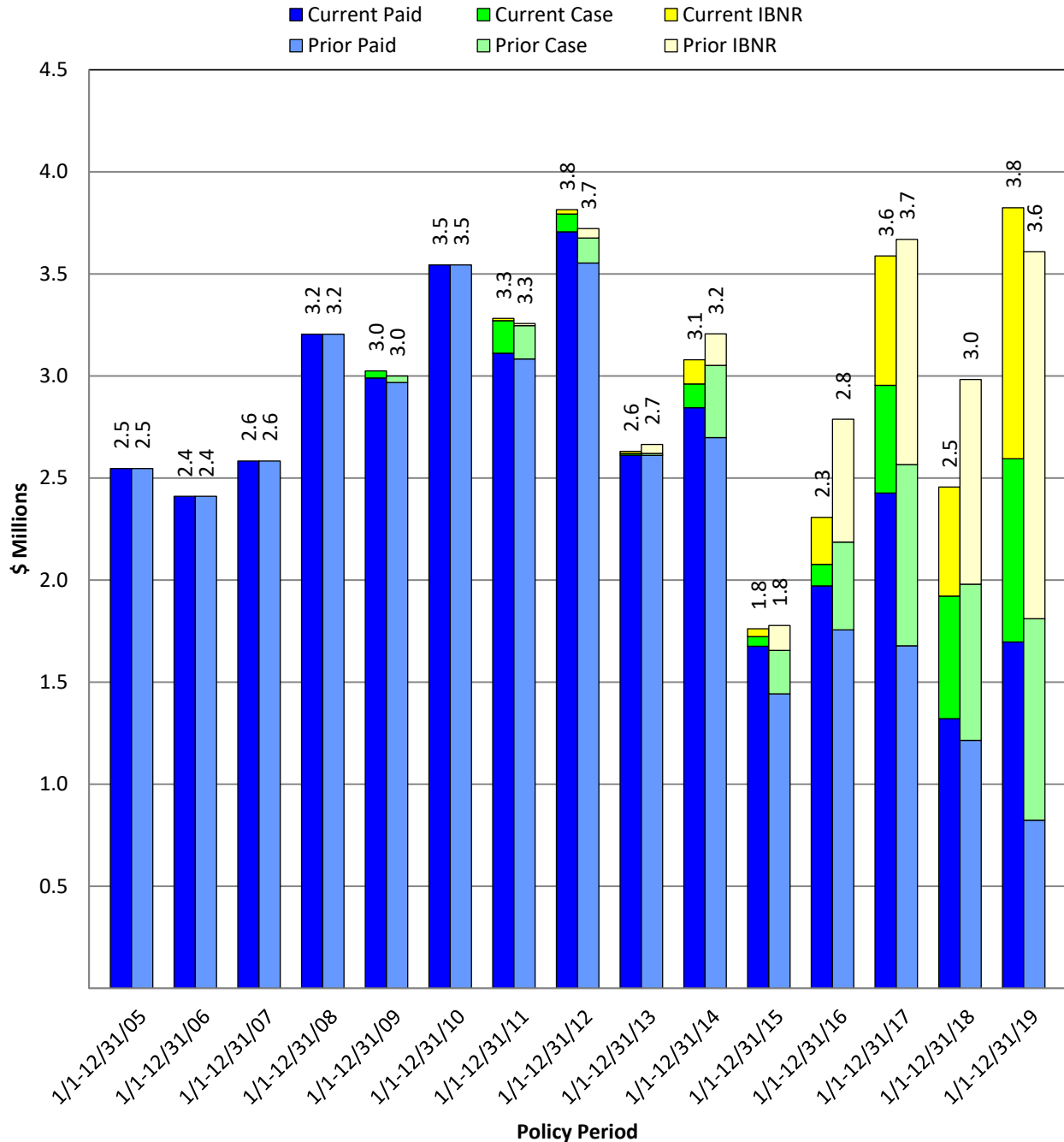
**COMPARISON OF ESTIMATED ULTIMATE  
INCURRED LOSSES TO PRIOR ACTUARIAL REPORT  
ALL COVERAGES**  
(Limited to Specific Retentions)  
(Net of Recoveries)

Policy Period	Current Report (Table 43 Section A)	4/17/20 Report (Table 43 Section A)	Change	Percent Change
1/1-12/31/05	\$ 2,546,610	\$ 2,546,610	\$ 0	0.0%
1/1-12/31/06	2,410,764	2,410,764	0	0.0%
1/1-12/31/07	2,583,379	2,583,379	0	0.0%
1/1-12/31/08	3,204,919	3,204,919	0	0.0%
1/1-12/31/09	3,024,775	2,999,775	25,000	0.8%
1/1-12/31/10	3,544,115	3,544,115	0	0.0%
1/1-12/31/11	3,282,042	3,256,929	25,113	0.8%
1/1-12/31/12	3,814,591	3,722,199	92,392	2.5%
1/1-12/31/13	2,630,676	2,664,465	( 33,789)	( 1.3%)
1/1-12/31/14	3,079,449	3,206,294	( 126,845)	( 4.0%)
1/1-12/31/15	1,761,640	1,777,753	( 16,113)	( 0.9%)
1/1-12/31/16	2,307,277	2,788,056	( 480,779)	(17.2%)
1/1-12/31/17	3,588,150	3,669,163	( 81,013)	( 2.2%)
1/1-12/31/18	2,455,871	2,982,623	( 526,752)	(17.7%)
1/1-12/31/19	3,824,181	3,608,435	215,746	6.0%
Total	\$44,058,439	\$44,965,479	(\$ 907,040)	( 2.0%)

## COVID-19

At this time, the impact of COVID-19 is uncertain. As a result, this report includes neither an additional provision for claims associated with COVID-19 nor adjustments for impacts such as stay-at-home orders, reduced hours, or social distancing measures. According to UCIP, no COVID-19 related claims are reported as of 12/31/20.

Figure 2

**UTAH COUNTIES INDEMNITY POOL****ALL COVERAGES****COMPARISON OF ESTIMATED ULTIMATE INCURRED LOSSES TO PRIOR ACTUARIAL REPORT**  
(Limited to Specific Retentions, Net of Recoveries)

## Appendix C (Continued)

## UTAH COUNTIES INDEMNITY POOL

## ALL COVERAGES

## ESTIMATED ULAE RESERVE

## C. ESTIMATED OPEN CLAIMS AND IBNR CLAIMS

Policy Period	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132+ Months
1/1-12/31/05											0
1/1-12/31/06											0
1/1-12/31/07											1
1/1-12/31/08											0
1/1-12/31/09											1
1/1-12/31/10											1
1/1-12/31/11										5	1
1/1-12/31/12									4	2	0
1/1-12/31/13								2	1	1	0
1/1-12/31/14							4	3	2	1	0
1/1-12/31/15						3	3	2	1	1	0
1/1-12/31/16					5	3	3	2	2	1	0
1/1-12/31/17				12	8	5	5	3	2	1	0
1/1-12/31/18			10	6	4	3	3	2	1	1	0
1/1-12/31/19		26	16	10	7	5	4	3	2	1	0
1/1-12/31/20	52	23	14	9	6	4	4	3	2	1	0

## D. ESTIMATED ULAE RESERVE\*

Policy Period	12 to 24 Months	24 to 36 Months	36 to 48 Months	48 to 60 Months	60 to 72 Months	72 to 84 Months	84 to 96 Months	96 to 108 Months	108 to 120 Months	108 to 120 Months	120 to 132+ Months	Total
1/1-12/31/05											0	0
1/1-12/31/06											0	0
1/1-12/31/07											350	350
1/1-12/31/08											0	0
1/1-12/31/09											350	350
1/1-12/31/10											350	350
1/1-12/31/11										1,750	350	2,100
1/1-12/31/12									1,400	700	0	2,100
1/1-12/31/13								700	350	350	0	1,400
1/1-12/31/14							1,400	1,050	700	350	0	3,500
1/1-12/31/15						1,050	1,050	700	350	350	0	3,500
1/1-12/31/16					1,750	1,050	1,050	700	700	350	0	5,600
1/1-12/31/17				4,200	2,800	1,750	1,750	1,050	700	350	0	12,600
1/1-12/31/18			3,500	2,100	1,400	1,050	1,050	700	350	350	0	10,500
1/1-12/31/19		9,100	5,600	3,500	2,450	1,750	1,400	1,050	700	350	0	25,900
1/1-12/31/20	18,200	8,050	4,900	3,150	2,100	1,400	1,400	1,050	700	350	0	41,300
Total	18,200	17,150	14,000	12,950	10,500	8,050	9,100	7,000	5,950	5,250	1,400	\$109,550

\* Estimated by UCIP to equal \$350 per open claim per year.

Table 43

**UTAH COUNTIES INDEMNITY POOL****ALL COVERAGES****ESTIMATED REQUIRED RESERVES AS OF 12/31/20**

(Limited to Specific Retentions)

(Net of Recoveries)

**A. LOSS SUMMARY**

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 12/31/20	Paid Losses as of 12/31/20
1/1-12/31/05	\$ 2,546,610	\$ 2,546,610	\$ 2,546,610
1/1-12/31/06	2,410,764	2,410,764	2,410,764
1/1-12/31/07	2,583,379	2,583,379	2,583,379
1/1-12/31/08	3,204,919	3,204,919	3,204,919
1/1-12/31/09	3,024,775	3,024,775	2,990,164
1/1-12/31/10	3,544,115	3,544,115	3,544,115
1/1-12/31/11	3,282,042	3,270,912	3,111,367
1/1-12/31/12	3,814,591	3,793,456	3,706,411
1/1-12/31/13	2,630,676	2,620,376	2,612,270
1/1-12/31/14	3,079,449	2,960,945	2,844,586
1/1-12/31/15	1,761,640	1,723,234	1,675,762
1/1-12/31/16	2,307,277	2,077,122	1,971,721
1/1-12/31/17	3,588,150	2,954,318	2,426,681
1/1-12/31/18	2,455,871	1,921,388	1,321,125
1/1-12/31/19	3,824,181	2,594,459	1,696,836
1/1-12/31/20	<u>4,517,052</u>	<u>2,535,948</u>	<u>1,148,449</u>
Total	\$48,575,491	\$43,766,720	\$39,795,159

**B. ESTIMATED REQUIRED RESERVES AS OF 12/31/20**

Policy Period	Case Reserves as of 12/31/20	Estimated IBNR as of 12/31/20	Estimated Required Reserves as of 12/31/20
1/1-12/31/05	\$ 0	\$ 0	\$ 0
1/1-12/31/06	0	0	0
1/1-12/31/07	0	0	0
1/1-12/31/08	0	0	0
1/1-12/31/09	34,611	0	34,611
1/1-12/31/10	0	0	0
1/1-12/31/11	159,545	11,130	170,675
1/1-12/31/12	87,045	21,135	108,180
1/1-12/31/13	8,106	10,300	18,406
1/1-12/31/14	116,359	118,504	234,863
1/1-12/31/15	47,472	38,406	85,878
1/1-12/31/16	105,401	230,155	335,556
1/1-12/31/17	527,637	633,832	1,161,469
1/1-12/31/18	600,263	534,483	1,134,746
1/1-12/31/19	897,623	1,229,722	2,127,345
1/1-12/31/20	<u>1,387,499</u>	<u>1,981,104</u>	<u>3,368,603</u>
Total	\$ 3,971,561	\$ 4,808,771	\$ 8,780,332

## FINDINGS

The findings are the product of loss experience, actuarial assumptions, quantitative analysis, and professional judgment. The estimated required reserves are expressed in terms of ranges that indicate the reliance on assumptions believed to be reasonable and are subject to all the limitations expressed herein.

## ESTIMATED REQUIRED RESERVES

The required reserves shown in the following tables should be used for financial statement reporting as of that date. However, until all the claims that occurred on or before 12/31/20 are closed, the actual reserve need remains an estimate. While the experience of UCIP indicates that the required reserves will fall within the range established in this report, the possibility exists that extraordinary or unexpected circumstances could cause the actual reserve need to be less than or greater than the range. Therefore, the findings cannot be warranted or guaranteed.

### ESTIMATED LOSS AND ALAE RESERVES INCLUDING IBNR FOR 1/1/05-12/31/20 AS OF 12/31/20 (Limited to Specific Retentions)

	Line of Business	Low	Expected	High
Undiscounted for Investment Income	GL	\$ 7,130,000	\$ 7,770,000	\$ 8,970,000
	AL	130,000	150,000	200,000
	Property	820,000	860,000	900,000
	Total	\$ 8,080,000	\$ 8,780,000	\$10,070,000
Discounted at 0.525% per Annum	GL	\$ 7,030,000	\$ 7,670,000	\$ 8,850,000
	AL	120,000	150,000	200,000
	Property	820,000	850,000	890,000
	Total	\$ 7,970,000	\$ 8,670,000	\$ 9,940,000

Figure 5

**UTAH COUNTIES INDEMNITY POOL****LAW ENFORCEMENT LIABILITY****SELECTED ESTIMATED ULTIMATE INCURRED LOSSES**

(Limited to Specific Retentions)

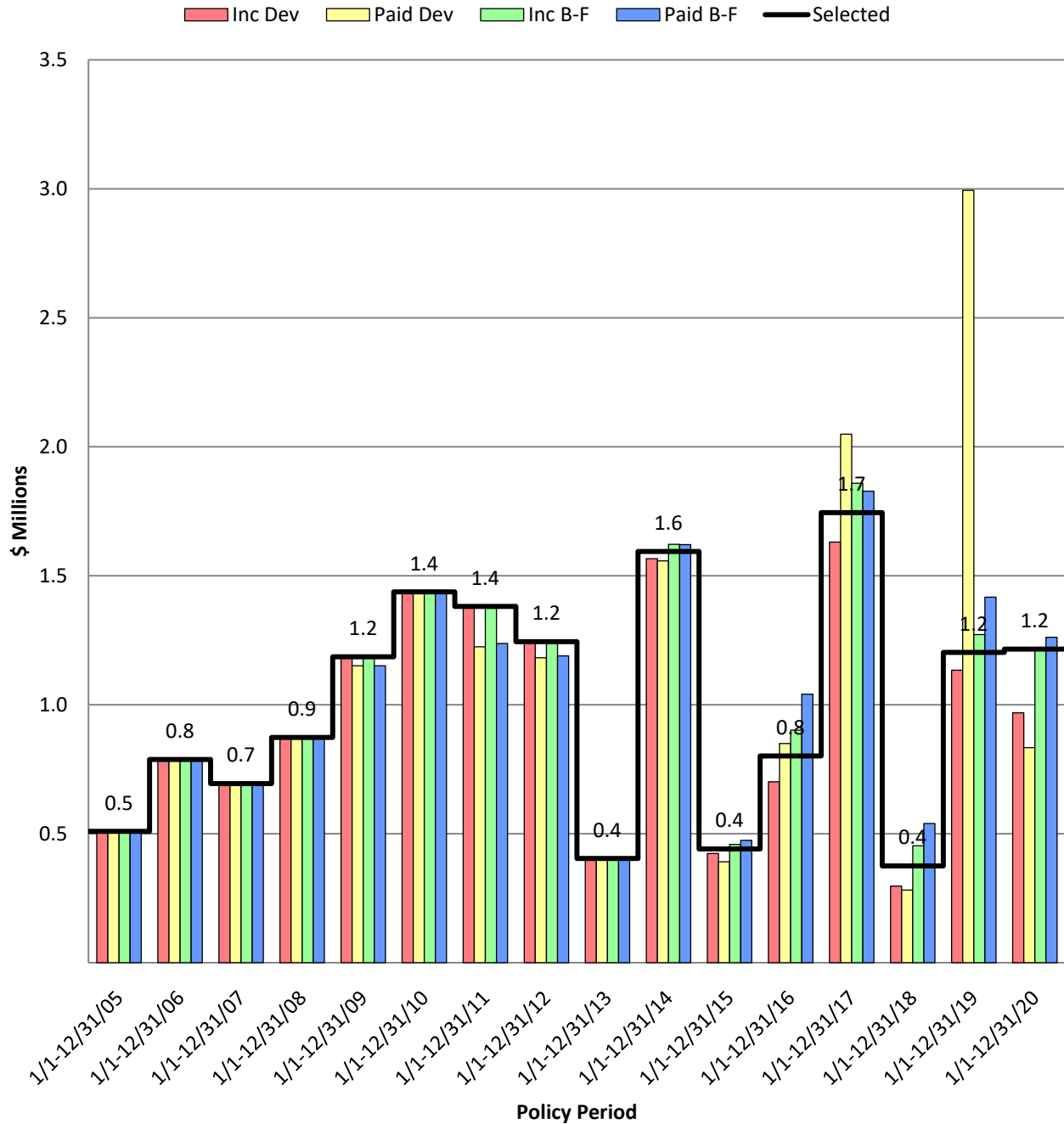




Figure 6

**UTAH COUNTIES INDEMNITY POOL****ALL COVERAGES****HISTORICAL PROFITABILITY ANALYSIS**

(Excluding Investment Income)

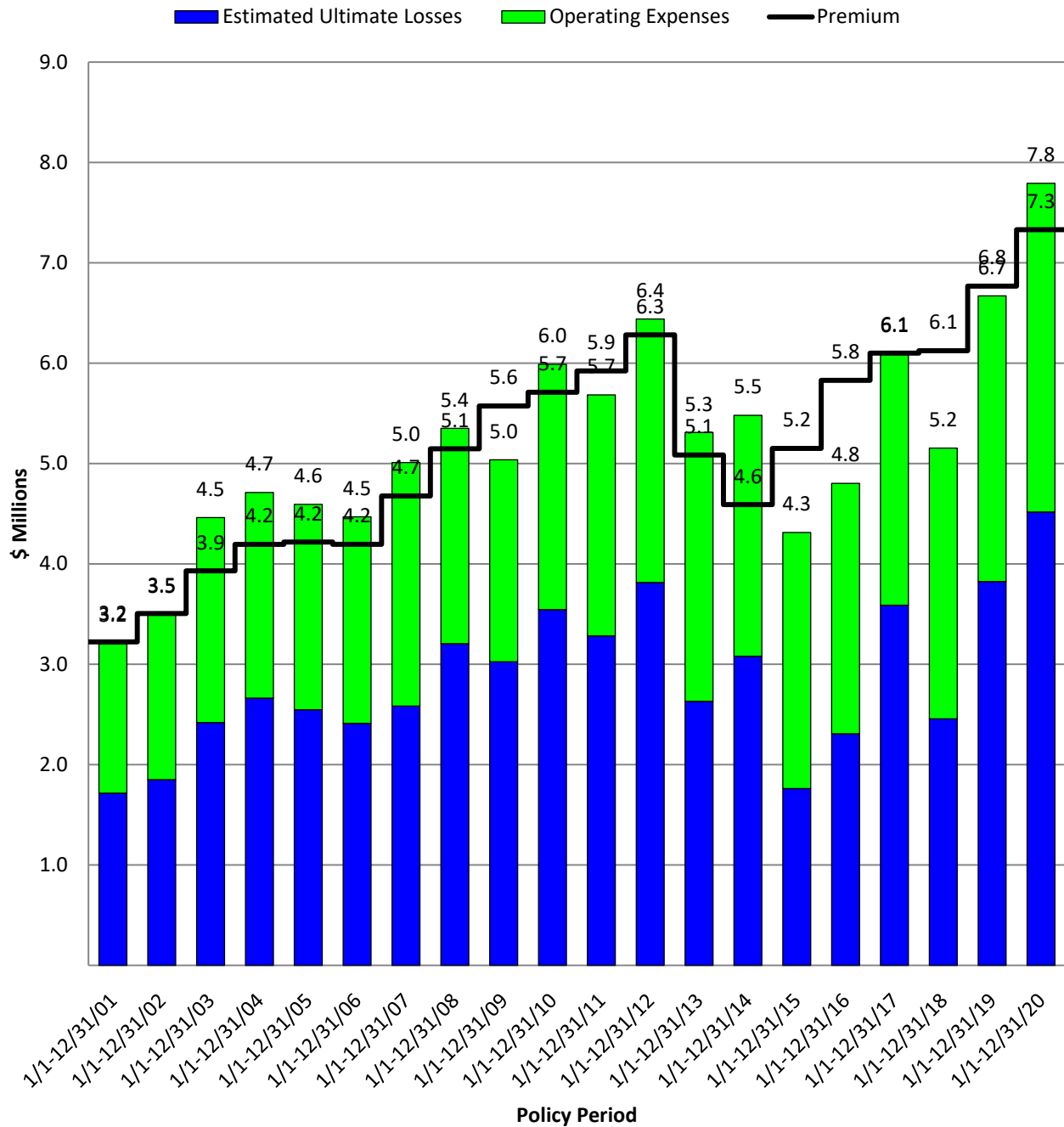


Table 46

**UTAH COUNTIES INDEMNITY POOL****ALL COVERAGES****LOSS RATIOS**

(Limited to Specific Retentions)

(Net of Recoveries)

Policy Period	Paid Loss Ratio as of 12/31/20	Incurred Loss Ratio as of 12/31/20	Estimated Ultimate Incurred Loss Ratio	Permissible Loss Ratio (Funds Available/ Contributions)	Combined Ratio [(Losses+ Expenses)/ Contributions]
1/1-12/31/05	0.604	0.604	0.604	0.515	1.089
1/1-12/31/06	0.575	0.575	0.575	0.509	1.065
1/1-12/31/07	0.552	0.552	0.552	0.481	1.071
1/1-12/31/08	0.623	0.623	0.623	0.583	1.040
1/1-12/31/09	0.536	0.543	0.543	0.639	0.904
1/1-12/31/10	0.621	0.621	0.621	0.572	1.049
1/1-12/31/11	0.525	0.552	0.554	0.594	0.960
1/1-12/31/12	0.590	0.604	0.607	0.582	1.025
1/1-12/31/13	0.514	0.515	0.517	0.473	1.044
1/1-12/31/14	0.620	0.645	0.671	0.477	1.194
1/1-12/31/15	0.325	0.335	0.342	0.505	0.837
1/1-12/31/16	0.338	0.356	0.396	0.572	0.824
1/1-12/31/17	0.398	0.484	0.588	0.590	0.998
1/1-12/31/18	0.216	0.314	0.401	0.559	0.842
1/1-12/31/19	0.251	0.383	0.565	0.579	0.986
1/1-12/31/20	0.157	0.346	0.616	0.553	1.063
Total			0.548	0.553	0.994

# Utah Counties Indemnity Pool

**FINANCIAL STATEMENTS, INDEPENDENT AUDITOR'S REPORT, REQUIRED  
SUPPLEMENTARY INFORMATION AND OTHER INDEPENDENT AUDITOR'S REPORTS**

*For the Year Ended December 31, 2020*



# UTAH COUNTIES INDEMNITY POOL

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## **Independent Auditor's Report**

The Board of Directors  
**Utah Counties Indemnity Pool**

We have audited the accompanying financial statements of **Utah Counties Indemnity Pool** as of and for the year ended December 31, 2020, and the related notes to the financial statements, as listed in the foregoing table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of **Utah Counties Indemnity Pool** as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the reconciliation of the claims liability and losses and loss adjustment expenses, the contributions and loss development information, the schedule of the proportionate share of the net pension liability, and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2021, on our consideration of the Pool's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Larson & Company, PC  
Spanish Fork, Utah

April 9, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Draft

# UTAH COUNTIES INDEMNITY POOL

Management's Discussion and Analysis

(Unaudited)

Year Ended December 31, 2020

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In conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, the management of the Utah Counties Indemnity Pool (the Pool or UCIP) presents this Management's Discussion and Analysis for the readers of UCIP's financial statements. Our intent is to provide a narrative overview and analysis of the financial activities of UCIP for the fiscal year ended December 31, 2020. Readers are encouraged to consider this information in conjunction with the financial statements, notes to the financial statements and required supplementary information included in the independent auditor's report.

## FINANCIAL STATEMENTS PROVIDED

Included in the independent auditor's report are the basic financial statements required under the GASB standards including:

- Statements of Net Position—accounts for all assets, deferred outflows or resources, liabilities and deferred inflows of resources of UCIP as of December 31, 2020, showing the balance of net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) as of that date.
- Statements of Revenues, Expenses, and Changes in Net Position—accounts for all revenue and expenses accrued for the fiscal period, with calculation of the change in net position (revenue minus expenses) for the period. Expenses are classified as Operating Expenses (primarily consisting of expected losses to be paid and the cost of excess insurance covering catastrophic losses) and Administrative Expenses (primarily consisting of staff salaries and benefits and office operations). Expenses are further categorized to provide a level of detail appropriate for general management overview and control.
- Statements of Cash Flows—accounts for all revenues and expenses received or paid during the fiscal period with a calculation of net increase in cash and cash equivalents (revenue minus expenses) and total cash and cash equivalents at the end of the period. This statement provides a contrasting view of the revenues and expenses from the Statement of Revenues, Expenses, and Changes in Net Position as it accounts for revenues and expenses that were actually received or paid during the period, regardless of when the revenue was earned or due, or when the expense was accrued or invoiced.

## BASIS OF ACCOUNTING METHODS

Financial statements provided in this report are reported using the Governmental Accounting Standards Board (GASB) basis of accounting. Traditional insurance companies often utilize statutory accounting methods in development of their financial statements that differ significantly from GASB accounting methods. Attempts to perform simple comparisons or benchmark analysis of a commercial carrier's financial reports and the financial reports contained here will likely yield distorted results.



## UTAH COUNTIES INDEMNITY POOL

Management's Discussion and Analysis

(Unaudited)

Year Ended December 31, 2020

---

### CONDENSED FINANCIAL INFORMATION

The following Condensed Financial Statements are meant to provide a summary view of the audited financial statements as support for comments and analysis of the financial condition of UCIP offered by management in this letter.

#### Assets and Liabilities

Current and other assets increased \$691,507 at year end 2020 compared to the prior year end. Current and other assets include short term investments of \$601,593. Long term investments increased \$475,898 for the same period. Capital contributions increased \$167,678 from the prior year end. Capital assets decreased \$38. Deferred outflows of resources in the amount of \$132,055 in the year 2020 and \$199,901 in prior year 2019 are reflected as a result of the implementation of GASB 68. Deferred outflows related to pensions decreased \$67,846. Total assets increased \$1,267,199 as of December 31, 2020 over the prior year.

Total liabilities at year end 2020 increased \$858,652 from the prior year end. This increase was primarily the result of a \$954,926 increase in member contributions paid in advance. Noncurrent liabilities in the year 2020 and 2019 are reflected as a result of the implementation of GASB 68, Accounting and Financial Reporting for Pensions. The statement requires employers providing defined benefit pensions through pension plans administered as trusts, to recognize their long-term obligation for those benefits as a liability. The Pool provides a defined pension plan to certain employees through the Utah Retirement Systems (URS) and therefore, the Pool has recorded a noncurrent liability of \$163,821 in 2020 and \$305,856 in 2019. Inflows related to pensions amounted to \$87,645 in 2020.

In 2020 and 2019, net position increased by \$408,548 and by \$2,846,732, respectively during the fiscal years then ended.

The condensed statements of net assets for the years ended 2020, 2019, and 2018 with comparative information for 2020 and 2019 are shown on the following page:

# UTAH COUNTIES INDEMNITY POOL

## Management's Discussion and Analysis

(Unaudited)

Year Ended December 31, 2020

	2020	2019	Net Change	2018
Assets:				
Current and other assets	\$ 15,334,043	\$ 14,642,536	\$ 691,507	\$ 13,811,044
Long Term Investments	1,029,418	553,520	475,898	553,520
Capital Contributions	3,564,807	3,397,129	167,678	3,397,129
Capital assets	535,714	535,751	(38)	542,719
Outflows related to pensions	132,055	199,901	(67,846)	142,815
Total assets	<u>20,596,036</u>	<u>19,328,838</u>	<u>1,267,199</u>	<u>18,447,227</u>
Liabilities:				
Current and other liabilities	2,228,210	1,252,758	975,452	1,665,032
Reserve for losses and loss adjustment	8,889,882	8,940,196	(50,314)	9,350,613
Noncurrent liabilities	163,821	305,856	(142,035)	170,270
Inflows related to pensions	87,645	12,096	75,549	84,701
Total liabilities	<u>11,369,558</u>	<u>10,510,906</u>	<u>858,652</u>	<u>11,270,616</u>
Net position:				
Invested in capital assets	529,241	529,241	-	542,719
Unrestricted	8,697,238	8,288,690	408,548	5,428,480
Total net position	<u>9,226,479</u>	<u>8,817,931</u>	<u>408,548</u>	<u>5,971,199</u>
Total liabilities and net position	<u>\$ 20,596,037</u>	<u>\$ 19,328,837</u>	<u>\$ 1,267,200</u>	<u>\$ 17,241,815</u>

### Operating Revenue and Expense

Revenue from contributions increased \$149,462 for a total of \$6,917,192 in 2020. This increase is attributed to an increase in member exposures. Other income increased \$7,895 primarily from the increase in partner sponsorships. Operating expenses increased \$1,882,527 primarily due from an increase in loss and loss adjustment expenses and reinsurance expenses.

The condensed statements of operating revenue and expense for the years ended 2020, 2019 and 2018 with comparative information for 2020 and 2019 are shown as follows:

	2020	2019	Net Change	2018
Operating revenue:				
Contributions	\$ 6,917,192	\$ 6,767,730	\$ 149,462	\$ 6,124,167
Investment income	194,389	419,371	(224,982)	420,240
Other income	19,067	11,172	7,895	24,208
Total operating revenues	<u>7,130,648</u>	<u>7,198,273</u>	<u>(67,625)</u>	<u>6,568,615</u>
Operating expenses:				
Loss and loss adjustment expenses	3,899,087	2,168,034	1,731,054	2,818,293
Reinsurance coverage	1,949,291	1,792,239	157,053	1,702,872
Administration	1,048,778	1,054,358	(5,580)	994,831
Total operating expenses	<u>6,897,157</u>	<u>5,014,630</u>	<u>1,882,527</u>	<u>5,515,996</u>
Net operating income	233,492	2,183,643	(1,950,151)	1,052,619
Fair value equity/investment	175,056	663,090	(488,034)	(2,579)
Change in net position	<u>\$ 408,548</u>	<u>\$ 2,846,732</u>	<u>\$ (2,438,184)</u>	<u>\$ 1,050,040</u>

# UTAH COUNTIES INDEMNITY POOL

Management's Discussion and Analysis

(Unaudited)

Year Ended December 31, 2020

## Investments

As a governmental subdivision regulated by the Money Management Council (MMC), UCIP invests the majority of funds in the Public Treasurers' Investment Fund (PTIF). Utilizing this "safe harbor" for compliance with the Money Management Act also provides UCIP significant liquidity and protection of capital in its invested assets. In 2019, UCIP created a new restricted account in the PTIF to comply with the MMC's Rule 4 for Interlocal Agencies providing crime insurance. \$125,000 equals 50% of the per occurrence limit of crime coverage.

In 2011, UCIP moved \$2,000,000 of invested funds to Zions Capital Advisors in anticipation of increasing investment rates. While investments with Zions Capital Advisors outperformed the PTIF by a small amount in 2020 and 2019, it is anticipated these investments will outpace the PTIF more significantly as the market strengthens. For the purpose of the condensed statements of cash and cash equivalents and investments, investments – U.S. government securities include the Pool's total short-term investments and long-term investments combined.

UCIP is a member of County Reinsurance Limited (CRL), a property and liability reinsurance pool of county-based pools across the United States. UCIP has equity ownership in CRL.

The condensed statements of cash and cash equivalents and investments for the years ended 2020, 2019 and 2018 with comparative information for 2020 and 2019 are shown as follows:

	2020	2019	Net Change	2018
Cash and cash equivalents:				
Cash on deposit	\$ 4,294,481	\$ 3,152,388	\$ 1,142,093	\$ 3,219,934
Public Treasurers' Investment Fund	9,384,646	9,446,929	(62,284)	8,602,694
Zions Capital Advisors	665,637	1,297,132	(631,495)	90,988
Total cash and cash equivalents	14,344,764	13,896,450	448,314	11,913,616
Investments and capital contributions:				
Investments - U.S. government securities	1,631,011	955,881	675,130	2,095,563
Equity in County Reinsurance Limited	3,564,807	3,397,129	167,678	2,249,933
Total investments	5,195,818	4,353,010	842,808	4,345,496
Total cash and cash equivalents and investments	\$ 19,540,582	\$ 18,249,460	\$ 1,291,122	\$ 16,259,112

## Financial Position

The Net Asset Management Policy was adopted by the Board to actively manage UCIP's net position between 50-250% of annual revenue. The Policy provides that when net position exceeds 250% of annual revenue, the Board shall issue dividends unless the Board has specific needs for such surplus as described in the Net Asset Management Policy. Dividends may be issued as Experience Dividends, Equity Dividends and/or Member in Good Standing Dividends based on the UCIP Dividend Policy. Based on the 2020 member contributions of \$6,917,192, the surplus (net position) to contributions (revenue) ratio at year end 2020 was within the Net Asset Management Policy and industry standards.

## UTAH COUNTIES INDEMNITY POOL

Management's Discussion and Analysis

(Unaudited)

Year Ended December 31, 2020

The condensed statements of changes in net position for the years ended 2020, 2019, and 2018 with comparative information for 2020 and 2019 are shown as follows:

	2020	2019	Net Change	2018
Revenues and expenses:				
Revenues	\$ 7,305,704	\$ 7,861,363	\$ (555,659)	\$ 6,566,036
Expenses	6,897,156	5,014,630	1,882,526	5,515,996
Net income (loss)	408,548	2,846,732	(2,438,184)	1,050,040
Net position, beginning of year	8,817,931	5,971,199	2,846,732	4,921,159
Net position, end of year	\$ 9,226,479	\$ 8,817,931	\$ 408,548	\$ 5,971,199

### BUDGET

#### Revenue

Actual 2020 revenues were \$116,494 less than budgeted primarily due to underperformance of investment income.

#### Losses and Reinsurance Expenses

Actual loss and loss adjustment expense was \$1,600,913 less than the budget that was amended due to several large property losses and the probability of paying those losses in 2020. Actual reinsurance expense was \$709 less than the budget that was amended due to increased property costs.

#### Administrative Expenses

Management closely monitored budgeted administrative expenses of \$1,150,000 and was able to operate with actual expenses of \$1,048,778.

### MARKET TRENDS IN 2020

Management anticipates decreased competitive pressure due to hardening market conditions, particularly in the property lines of coverage. UCIP has already seen an increase in new membership applications as a result of increased pricing in the market. UCIP will look to strengthen its new member underwriting procedures to assure new membership growth does not negatively impact underwriting results.

#### Property

As the property reinsurance market has recently experienced the worst loss years in history back-to-back, property reinsurance markets are reducing capacity and raising rates significantly. UCIP's participation in County Reinsurance Limited (CRL), a captive insurer owned by county pools across the US has provided UCIP with significant buffering from the changes in the marketplace. UCIP became a founding member of CRL's Property Plus program in 2019, which allows CRL and its property program members to take risk on a layer of reinsurance at a level that should provide underwriting revenue while reducing reinsurance premiums.

## UTAH COUNTIES INDEMNITY POOL

Management's Discussion and Analysis

(Unaudited)

Year Ended December 31, 2020

---

### Liability

Signs of carriers increasing liability premiums continued into 2020. As the liability market increases premiums to improve their combined ratios to attract investors, they will also have to deal with reduced capacity and increased premiums from the liability reinsurance market. This continuing "hardening" of the market will relieve some competitive pressure but will also create increased reinsurance costs. UCIP's participation in CRL will relieve some of the market pressure other insurers will feel in 2021. UCIP has already seen an increase in new member applications as special service districts receive renewal quotes from traditional insurers with reduced coverage, increased deductibles, and increased premiums.

Questions concerning any of the information in this report, or any other matters related to UCIP's budget and finances should be addressed to the Chief Financial Officer, Utah Counties Indemnity Pool, 5397 S Vine, Murray, UT 84107.

# UTAH COUNTIES INDEMNITY POOL

## Statement of Net Position

As of December 31, 2020

### ASSETS

#### CURRENT ASSETS

Cash and cash equivalents	\$ 14,344,764
Short-term investments	601,593
Accounts receivable	19
Prepaid expenses	387,667
TOTAL CURRENT ASSETS	15,334,043

LONG TERM INVESTMENTS	1,029,418
-----------------------	-----------

CAPITAL CONTRIBUTIONS	3,564,807
-----------------------	-----------

PROPERTY AND EQUIPMENT	535,714
------------------------	---------

#### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	132,055
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 20,596,037
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### LIABILITIES AND NET POSITION

#### CURRENT LIABILITIES

Reserves for losses and loss adjustment expenses	\$ 8,889,882
Accrued expenses	160,925
Contributions paid in advance	2,067,285
TOTAL CURRENT LIABILITIES	11,118,092

#### NONCURRENT LIABILITIES

Net pension liability	163,821
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#### DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	87,645
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TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	11,369,558
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#### NET POSITION

Net investment in capital assets	529,241
Unrestricted	8,697,238
TOTAL NET POSITION	9,226,479

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 20,596,037
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The notes to the financial statements are an integral part of this statement

## UTAH COUNTIES INDEMNITY POOL

### Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2020

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OPERATING INCOME	
Contributions	\$ 6,917,192
Investment Income	194,389
Other Income	<u>19,067</u>
TOTAL OPERATING INCOME	7,130,648
UNDERWRITING EXPENSES	
Losses and Loss Adjustment Expenses	3,899,087
Reinsurance Coverage	<u>1,949,291</u>
TOTAL UNDERWRITING EXPENSES	5,848,378
ADMINISTRATION EXPENSES	
Directors	15,932
Depreciation	1,676
Risk Management	61,142
Public Relations	3,310
Office	96,427
Financial/Professional	95,089
Personnel	<u>775,204</u>
TOTAL ADMINISTRATION EXPENSES	1,048,778
TOTAL OPERATING EXPENSES	<u>6,897,156</u>
NET OPERATING INCOME	233,492
OTHER INCOME/(EXPENSES)	
Change in Fair Value Investments	7,378
Change in Fair Value Equity	<u>167,678</u>
TOTAL OTHER EXPENSES	<u>175,056</u>
CHANGE IN NET POSITION	408,548
NET POSITION AT BEGINNING OF YEAR	<u>8,817,931</u>
NET POSITION AT END OF YEAR	<u><u>\$ 9,226,479</u></u>

The notes to the financial statements are an integral part of this statement

# UTAH COUNTIES INDEMNITY POOL

## Statement of Cash Flows

For the Year Ended December 31, 2020

### CASH FLOWS FROM OPERATING ACTIVITIES

Contributions collected	\$ 7,872,137
Other fees collected	19,067
Reinsurance paid	(1,993,232)
Losses and loss expenses paid	(3,949,401)
Cash paid to employees	(889,010)
Other administrative expenses paid	(271,899)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>787,662</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(2,026,768)
Sale of investments	1,668,086
Investment income	19,333
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	<u>(339,348)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 448,314

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 13,896,450

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 14,344,764

### RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in net position \$ 408,548

### Adjustments to reconcile change in net position to net cash flows used by operating activities

Depreciation	1,676
Interest on investments	(194,389)
Net outflows of resources relating to pension	(134,332)
Fair Value of equity/investments	(175,056)
Accounts receivable	19
Prepaid expenses	(43,941)
Reserves for loss and loss adjustment expenses	(50,314)
Accrued expenses	20,526
Contributions paid in advance	954,926
Total adjustments	<u>379,114</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 787,662

The notes to the financial statements are an integral part of this statement



# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

The Utah Counties Indemnity Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. In January 2012, the Pool was renamed the Utah Counties Indemnity Pool. The Pool is a non-profit Interlocal entity formed under Section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, operated as a joint liability reserve fund under Section 63G-7-703 and 801 for counties who enter into the Interlocal Agreement that creates UCIP. The Pool is referred to as a “public agency insurance mutual” under the insurance statutes of the State of Utah, Section 31A-1-103(7). All of the Pool’s business activities are conducted in the State of Utah.

#### Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Pool has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments, GASB Statement No. 37, Basic Financial Statement and Management’s Discussion and Analysis for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Note Disclosures. The Pool has also adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 72, Fair Value Measurement and Application. With the implementation of these statements, the Pool has prepared required supplementary information titled “Management’s Discussion and Analysis” which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net position as net invested in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. The following is a summary of the more significant policies.

#### Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Specifically, the Pool's reserves for losses and loss adjustment expenses are subject to change and actual results could differ from those estimates.

#### Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

#### Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as accrued expenses.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund (PTIF) and cash on deposit are considered to be cash equivalents.

#### Investments

Investments are comprised of various U.S. Government securities and certificates of deposit. Investments in U.S. Government securities as of December 31, 2020 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

#### Investment Valuation

The Pool categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value:

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Contributions Paid in Advance

Contributions paid by members prior to January 1 of the next calendar year are considered to be deferred until January 1 and are reported as liabilities in the statement of net assets.

#### Ancillary Coverages

The Pool assists members in placing coverage for exposures not included in the coverage addendum, i.e., aircraft hull, airport liability, bonds, builder's risk, excess cyber liability, and workers compensation. The Pool does not receive any fees on monies collected for member coverage placement.

#### Contributions

Contributions are assessed in December and due and collectable annually on January 1.

#### Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$5,000. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the year ended December 31, 2020 amounted to \$1,676.

#### Net Asset Management

To assure that the Pool's assets are adequate without holding excessive net assets, the Pool manages net asset levels between 100% and 200% of annual revenue. Net assets should be controlled within a minimum of 50% and a maximum of 250% of annual revenue. The Pool utilizes a Rate Stabilization Fund and a Dividend Plan to manage net assets.

The Rate Stabilization Fund is utilized to designate surplus to fund unexpected increases in expenses, which necessitate increases in rates short term to allow rate increases to be made incrementally, or to negate temporary rate increases. The Rate Stabilization Fund is a Board-designated portion of unrestricted net assets to be deducted from the Total Net Assets (referred to as Unrestricted Net Position on the financial statements) when determining net assets available for payment of dividends to members and, as required by GASB, is reported as a designation only in the notes to the financial statements. The balance in the Rate Stabilization Fund at December 31, 2020 was \$200,000. The Dividend Plan is utilized by the Board to return excess net assets to members.

The Net Asset Management Plan indicates net assets should not exceed 250% of contributions unless the Pool has specific needs for such surplus, which may include the following: expectation of new membership; development of a new line of coverage; development of new or expanded coverage; or development of new or expanded services.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) including additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the Pool reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Pool reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

#### Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount actuarially determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. The liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided.

The Pool's actuary provides a range of estimates of the reserves for losses and loss adjustment expenses at three levels of confidence: low (50% confidence), expected (66% confidence) and high (80% confidence). Accounting standards require the Pool to book the "expected" level of reserves on their financial statements, and does not allow for the Board to designate or delineate any other amount in the range on the financial statements. In consideration of their duty to protect public funds and the inability of the Pool to assess members if reserves are not adequate, the Board prefers to reserve for claims with greater confidence than the 66% "expected" level.

To accomplish this, while complying with audit standards, the Board has adopted as part of their Net Asset Management Plan a Claims Deterioration Fund, an amount voluntarily designated by the Board as Net Assets to be deducted from Total Net Assets (referred to as Unrestricted Net Position on the financial statements) when determining Net Assets available for payment of dividends to members.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

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### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Reserves for Losses and Loss Adjustment Expenses (Continued)

In 2013, the Board approved designating \$430,000 into the Claim Deterioration Fund to assure these additional funds are available if the “expected” claim reserves are ultimately found to be inadequate to pay all liabilities of the Pool. The Board believes managing Net Assets in this manner protects members from large rate increases in the event claims experience does deteriorate. In 2020, the Board approved designating \$230,000 into the Claim Deterioration Fund. The balance in the Claims Deterioration Fund as of December 31, 2020 was \$660,000.

#### Subsequent Events

Management of the Pool has evaluated subsequent events through the date of the audit report, which is also the date the financial statements were available to be issued.

### NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of December 31, 2020. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes including the State Money Management Act.

#### Cash and Cash Equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is \$4,294,481 as of December 31, 2020. The corresponding bank balance of the deposits was \$4,314,272 as of December 31, 2020.

All of the Pool’s cash on deposit bank accounts are noninterest bearing. All noninterest-bearing and other depositors’ accounts will be aggregated and insured up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category.

The Public Treasurers’ Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund but the PTIF is subject to oversight by the State Money Management Council and all investments in PTIF are considered to be in compliance with the State Money Management Act.

The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years.

The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an entity’s investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Zions Capital Advisors (ZCA) is an investment advisory firm certified by the State Money Management Council and all investments with ZCA are in compliance with the State Money Management Act. The maximum final maturity of any security invested in by ZCA is limited to three years. ZCA investments are not insured or otherwise guaranteed.

As of December 31, 2020, the Pool's cash and cash equivalents and investments included the following:

	2020	2019
Cash on deposit	\$ 4,294,481	\$ 3,152,388
Public Treasurers' Investment Fund	9,384,646	9,446,929
Zions Capital Advisors	665,637	1,297,132
Total cash and cash equivalents	14,344,764	13,896,450
Investments - debt securities	1,631,011	955,881
Equity in County Reinsurance Limited	3,564,807	3,397,129
Total investments	5,195,818	4,353,010
Total cash and cash equivalents and investments	\$ 19,540,582	\$ 18,249,460

#### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Pool's bank balances exceeded FDIC coverage by \$4,064,272 as of December 31, 2020.

#### Investments and Capital Contributions

The Pool records its investments in U.S. Government Securities at market value. The Pool records capital contributions to County Reinsurance Limited (CRL) using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL, which represents its share of the undistributed earnings or losses of CRL. Equity in CRL is confirmed annually.

All other investments are through the Public Treasurers' Investment Fund (PTIF).

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of December 31, 2020, the differences between book value and fair value, of the Pool's investments, are as follows:

	<u>Cost</u>	<u>Fair Value Gains</u>	<u>Fair Value Losses</u>	<u>Fair Value</u>	<u>Statement Value</u>
Securities	\$ 1,623,633	\$ 39,420	\$ (32,042)	\$ 1,631,011	\$ 1,631,011
Equity	3,397,129	167,678	-	3,564,807	3,564,807
Total investments	<u>\$ 5,020,762</u>	<u>\$ 207,098</u>	<u>\$ (32,042)</u>	<u>\$ 5,195,818</u>	<u>\$ 5,195,818</u>

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pool's policy for managing interest rate risk is to comply with the State Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. The Pool manages its exposure to declines in fair value by investing in the Public Treasurers' Investment Fund (PTIF) and other securities and by adhering to the Act.

As of December 31, 2020, the Pool's term to maturity of investment are as follows:

<u>Investment Type</u>	<u>Carrying Amount and Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Debt securities:			
Corporate bonds	\$ 1,631,011	\$ 601,593	\$ 1,029,418
Mortgage backed securities	-	-	-
Total debt securities	<u>1,631,011</u>	<u>601,593</u>	<u>1,029,418</u>

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

As of December 31, 2020, the Pool's investments' fair value measurements are as:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Asset class:</b>				
<b>Debt securities:</b>				
Corporate bonds	\$ 1,631,011	\$ 1,631,011	\$ -	\$ -
Mortgage backed securities	-	-	-	-
Money market funds	665,625	-	665,625	-
Public Treasurers Investment Fund	9,384,646	-	9,384,646	-
<b>Total</b>	<b>\$ 11,681,282</b>	<b>\$ 1,631,011</b>	<b>\$ 10,050,271</b>	<b>\$ -</b>

#### Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Pool's policy for limiting the credit risk of investments is to comply with the State Money Management Act.

Investments are categorized into these three categories of credit risk:

- Category One - Insured or registered, or securities held by the Pool or its agent in the Pool's name.
- Category Two - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Pool's name.
- Category Three - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, not in the Pool's name.

As of December 31, 2020, investments in debt securities in the amount of \$1,029,418 are considered to be Category Three securities. As of December 31, 2020, Public Treasurers' Investment Fund (PTIF) investments, including cash held for reinvestment, and equity in County Reinsurance Limited (CRL), in the total amount of \$13,490,038, are uncategorized investments or equity. The amount of uncategorized PTIF investments, restricted by the Money Management Council's Rule Four of the Money Management Act, is \$125,000.



# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 3 INVESTMENT INCOME AND EQUITY

As of December 31, 2020, investment income and equity of the Pool is comprised of the following:

	<u>2020</u>	<u>2019</u>
<b>Investment income and equity:</b>		
Bonds	\$ 38,673	\$ 53,136
Equity	167,678	647,196
Cash	155,717	366,235
Total investment income	<u>362,067</u>	<u>1,066,567</u>
<b>Cash received:</b>		
Cash	155,717	366,235
Total cash received	<u>155,717</u>	<u>366,235</u>
<b>Noncash adjustments:</b>		
Equity	167,678	647,196
Bonds	7,378	15,894
Change in accrued interest	26,523	30,765
Amortization	4,772	6,477
Total noncash adjustments	<u>206,351</u>	<u>700,332</u>
Total investment income	<u>\$ 362,067</u>	<u>\$ 1,066,567</u>

### NOTE 4 INTEREST RATE

The interest rate for assets held with the Utah Public Treasurers' Investment Fund (PTIF) was 0.4895 percent as of December 31, 2020.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 5 CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets exempt from depreciation:				
Land	\$ 531,494	\$ -	\$ -	\$ 531,494
Total capital assets exempt from depreciation, net	<u>531,494</u>	<u>-</u>	<u>-</u>	<u>531,494</u>
Capital assets being depreciated:				
Office furniture and equipment	<u>88,134</u>	<u>-</u>	<u>(26,294)</u>	<u>61,840</u>
Total capital assets, being depreciated	<u>88,134</u>	<u>-</u>	<u>(26,294)</u>	<u>61,840</u>
Less accumulated depreciation for:				
Office furniture and equipment	<u>(82,238)</u>	<u>(1,676)</u>	<u>26,294</u>	<u>(57,620)</u>
Total accumulated depreciation	<u>(82,238)</u>	<u>(1,676)</u>	<u>26,294</u>	<u>(57,620)</u>
Total capital assets being depreciated, net	<u>5,896</u>	<u>(1,676)</u>	<u>-</u>	<u>4,220</u>
Total capital assets, net	<u>\$ 537,390</u>	<u>\$ (1,676)</u>	<u>\$ -</u>	<u>\$ 535,714</u>

### NOTE 6 REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities of the Pool are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of \$3,081,990 as of December 31, 2020. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Effective 2020, the Pool contributed \$500,000 to take risk on a layer of property reinsurance at a level that should provide underwriting revenue while reducing reinsurance premiums. Underwriting revenue, for the layer of property reinsurance, increased \$65,928 as of December 31, 2020.

#### Unsecured Reinsurance Recoverables

There are no letters of credit, trust agreements or funds withheld on reinsurance recoverables. The amount of \$2,805,262, as of December 31, 2020, exceeds three percent of the Pool's surplus and is considered unsecured recoverables on known claims.

#### Reinsurance Recoverable in Dispute

As of December 31, 2020, the Pool does not have any disputed balances or uncollectible funds.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 7 RETIREMENT PLANS

#### Pension Plans

**Plan Description.** Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees, beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature.

The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. Utah Retirement Systems is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

Utah Retirement Systems issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E 200 S, Salt Lake City, UT 84102 or visiting the website: [www.urs.org/general/publications](http://www.urs.org/general/publications). **Benefits Provided.** Utah Retirement Systems provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year all years	Up to 2.5%

\* Actuarial reductions are applied.

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 7 RETIREMENT PLANS (CONTINUED)

**Contribution Rate Summary.** As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah Retirement Systems Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates as of December 31, 2020 are as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
111 Local Governmental Division Tier 2	N/A	15.80	0.89
Noncontributory System			
15 Local Governmental Division Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211 Local Governments	N/A	6.69	10.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended December 31, 2020, the employer and employee contributions to the System were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 76,405	N/A
Tier 2 Public Employees System	7,402	-
Tier 2 DC Only System	3,528	N/A
Total Contributions	\$ 87,335	\$ -

Contributions reported are the Utah Retirement Systems Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

### Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Related to Pensions.

At December 31, 2020, the Utah Counties Indemnity Pool reports a net pension asset of \$0 and a net pension liability of \$163,821.

	<u>(Measurement Date): December 31, 2019</u>				
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2018</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$163,122	0.0432814%	0.0413459%	0.00193550%
Tier 2 Public Employees System	-	699	0.0031062%	0.0032592%	(0.0001530)%
	<u>\$ -</u>	<u>\$163,821</u>			

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 7 RETIREMENT PLANS (CONTINUED)

The net pension asset and liability were measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2020 the Pool recognized pension expense of \$88,652.

At December 31, 2020 the Pool reported deferred outflows of resources and deferred inflows of resources relating to pensions for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,033	\$ 2,583
Changes in assumptions	\$ 17,575	\$ 20
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 83,029
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 12,112	\$ 2,013
Contributions subsequent to the measurement date	\$ 87,335	\$ -
	<u>\$ 132,055</u>	<u>\$ 87,645</u>

The amount of \$87,335 was reported as deferred outflows of resources related to pensions results from contributions made by the Pool prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	(2,716)
2021	(12,784)
2022	3,666
2023	(31,510)
2024	66
Thereafter	355

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 7 RETIREMENT PLANS (CONTINUED)

#### **Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources.**

For the year ended December 31, 2020, the Pool recognized pension expense of \$84,730.

At December 31, 2020, the Pool reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,838	\$ 2,343
Changes in assumptions	\$ 17,277	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 82,492
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 11,644	\$ 1,994
Contributions subsequent to the measurement date	\$ 76,405	\$ -
	<u>\$ 120,164</u>	<u>\$ 86,829</u>

The amount of \$76,405 reported as deferred outflows of resources relating to pensions results from contributions made by the Pool prior to fiscal year end, but subsequent to the measurement date of December 3, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	(2,637)
2021	(12,715)
2022	3,643
2023	(31,361)
2024	0
Thereafter	0

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 7 RETIREMENT PLANS (CONTINUED)

#### **Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources.**

For the year ended December 31, 2020, the Pool recognized pension expense of \$3,923.

At December 31, 2020, the Pool reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 195	\$ 240
Changes in assumptions	\$ 298	\$ 20
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 537
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 468	\$ 20
Contributions subsequent to the measurement date	\$ 10,930	\$ -
	<u>\$ 11,891</u>	<u>\$ 817</u>

The amount of \$10,930 reported as deferred outflows of resources relating to pensions results from contributions made by the Pool prior to fiscal year end, but subsequent to the measurement date of December 3, 2019.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	(79)
2021	(69)
2022	23
2023	(149)
2024	66
Thereafter	355

**Actuarial Assumptions.** The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50 percent
Salary increases:	3.25 - 9.75 percent, average, including inflation
Investment rate of return:	6.95 percent, net of pension plan investment expense, including inflation

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 7 RETIREMENT PLANS (CONTINUED)

Mortality rates were developed from actual experience and mortality tables based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.90%
Absolute return	16.00%	2.85%	0.46%
Cash and equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Utah Retirement Systems Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.



# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 7 RETIREMENT PLANS (CONTINUED)

**Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate.** The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease or 5.95%	Discount Rate of 6.95%	1% Increase or 7.95%
Noncontributory System	\$ 509,487	163,122	(125,743)
Tier 2 Public Employees System	6,024	699	(3,417)
Total	\$ 515,511	163,821	(129,160)

**Defined Contribution Savings Plans.** The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued Utah Retirement Systems financial report.

The Pool participates in the 401(k) Defined Contribution Savings Plan with the Utah Retirement Systems.

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the fiscal year ended December 31, were as follows:

<i>401(k) Plan</i>	2020	2019	2018
Employer Contributions	\$ 16,034	\$ 15,296	\$ 10,082
Employee Contributions	\$ 22,025	\$ 21,321	\$ 14,000

#### Employer Participating Retirement Plans

The Pool contributes an amount equal to the amount contributed by the employee into a 401(k) plan and/or a 457(b) plan (administered by the Utah State Retirement Systems, as noted above) and/or a 457(b) plan (administered by Nationwide Retirement Solutions), not to exceed five percent of the employee's eligible payroll. The total retirement expense for the Nationwide Retirement Solutions plans for the Pool as of December 31, 2020, 2019, and 2018 was \$14,909, \$14,103 and \$13,229, respectively.

# UTAH COUNTIES INDEMNITY POOL

## Notes to Financial Statements

For the Year Ended December 31, 2020

### NOTE 8 UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to covered events of prior years has decreased by \$50,314 in 2020 as a result of re-estimation of unpaid losses and loss adjustment expenses.

This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

As of December 31, 2020, unpaid claims, losses, and loss adjustment expenses of the Pool are as follows:

	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 8,940,196	\$ 9,350,613
Incurred loss:		
Current year	4,517,052	3,608,435
Prior years	<u>(\$891,990)</u>	<u>(\$1,260,179)</u>
Change in total incurred	<u>3,625,062</u>	<u>2,348,256</u>
Paid:		
Current year	\$ 1,148,449	823,552
Prior years	<u>2,526,927</u>	<u>1,935,121</u>
Total paid	<u>3,675,376</u>	<u>2,758,673</u>
Balance at December 31	<u><b>\$ 8,889,882</b></u>	<u><b>\$ 8,940,196</b></u>

### NOTE 9 CONTIGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Draft

# UTAH COUNTIES INDEMNITY POOL

## Schedule of Ten-Year Claims Development Information

For the Year Ended December 31, 2020

The following table illustrates how the Pool's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Pool as of the end of each of the past ten years. The rows of the table are defined as follows: (1) This line shows each fiscal year's net earned premiums, other operating revenues and interest income. (2) This line shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims. (3) This line shows incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred. (4) This section of ten rows shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of ten rows shows how each policy year's net incurred claims increased or decreased as of the end of the successive years: this annual estimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known. (6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and show whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

	Fiscal and Policy Year Ended (in Thousands of Dollars)										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
(1) Earned premiums, other operating revenues and investment revenues, net of reinsurance	4,662	5,064	5,141	3,538	3,717	3,789	4,584	4,804	4,807	5,406	5,181
(2) Unallocated expense	-	-	-	-	-	-	-	-	-	-	-
(3) Estimated incurred claims and expenses, end of policy year:	2,876	3,129	3,619	3,152	3,666	3,066	3,273	3,554	3,337	3,608	4,517
(4) Net paid (cumulative) as of:											
End of policy year	584	995	347	586	1,344	894	833	793	910	824	1,149
One year later	932	1,542	1,538	1,377	1,549	1,017	1,045	1,291	1,215	1,697	-
Two years later	1,601	1,719	2,310	1,869	1,830	1,125	1,336	1,678	1,321	-	-
Three years later	2,500	2,153	2,637	2,386	2,103	1,275	1,756	2,427	-	-	-
Four years later	2,958	2,385	3,005	2,573	2,377	1,443	1,972	-	-	-	-
Five years later	3,256	2,615	3,160	2,600	2,698	1,676	-	-	-	-	-
Six years later	3,335	2,869	3,426	2,611	2,845	-	-	-	-	-	-
Seven years later	3,472	2,951	3,553	2,612	-	-	-	-	-	-	-
Eight years later	3,525	3,083	3,706	-	-	-	-	-	-	-	-
Nine years later	3,544	3,111	-	-	-	-	-	-	-	-	-
Ten years later	3,544	-	-	-	-	-	-	-	-	-	-
(5) Reestimated net incurred claims and expenses:											
End of policy year	2,876	3,129	3,619	3,152	3,666	3,066	3,273	3,554	3,337	3,608	4,517
One year later	3,188	3,472	4,246	3,907	3,627	2,781	4,002	4,050	2,983	3,824	-
Two years later	3,113	3,193	3,837	3,515	3,565	2,200	3,619	3,669	2,456	-	-
Three years later	3,612	3,080	3,650	3,169	3,109	1,775	2,788	3,588	-	-	-
Four years later	3,714	2,952	3,524	3,007	3,020	1,778	2,307	-	-	-	-
Five years later	3,570	2,991	3,476	2,742	3,206	1,762	-	-	-	-	-
Six years later	3,464	3,117	3,697	2,664	3,080	-	-	-	-	-	-
Seven years later	3,551	3,112	3,722	2,631	-	-	-	-	-	-	-
Eight years later	3,546	3,257	3,815	-	-	-	-	-	-	-	-
Nine years later	3,544	3,282	-	-	-	-	-	-	-	-	-
Ten years later	3,544	-	-	-	-	-	-	-	-	-	-
(6) Increase (decrease) in estimated net incurred claims and expenses from end of policy year	668	128	103	(488)	(460)	(1,288)	(485)	115	(354)	-	-

# UTAH COUNTIES INDEMNITY POOL

## Schedule of the Proportionate Share of the Net Pension Liability

### (Utah Retirement Systems)

Measurement Date of December 31, 2019

For the Year Ended December 31, 2020

Last 10 Fiscal Years\*

	2020	2019	2018	2017	2016	2015
<b>Noncontributory Retirement System</b>						
Proportion of the net pension liability (asset)	0.0432814%	0.0413459%	0.0387967%	0.0393979%	0.0424078%	0.0412802%
Proportionate share of the net pension liability (asset)	\$ 163,122	\$ 304,460	\$ 169,980	\$ 252,983	\$ 239,964	\$ 179,248
Covered payroll	\$ 388,378	\$ 360,584	\$ 342,770	\$ 351,178	\$ 369,111	\$ 355,770
Proportionate share of the net pension liability (asset)						
as a percentage of its covered-employee payroll	42.00%	84.44%	49.59%	72.04%	65.01%	50.40%
Plan fiduciary net position as a percentage						
of the total pension liability (asset)	93.70%	87.00%	91.90%	87.30%	87.80%	90.20%
<b>Tier 2 Public Employees Retirement System</b>						
Proportion of the net pension liability (asset)	0.0031062%	0.0032592%	0.0032876%	0.0044177%	0.0037343%	0.0039098%
Proportionate share of the net pension liability (asset)	\$ 699	\$ 1,396	\$ 290	\$ 493	\$ (8)	\$ (8)
Covered payroll	\$ 43,178	\$ 37,995	\$ 32,392	\$ 36,228	\$ 24,123	\$ 24,123
Proportionate share of the net pension liability (asset)						
as a percentage of its covered-employee payroll	1.62%	3.67%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage						
of the total pension liability (asset)	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%

\*In accordance with paragraph 81a of GASB Statement No. 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset). The Pool's 10-year schedule will be built prospectively. The schedule above is for the past six years.

# UTAH COUNTIES INDEMNITY POOL

## Schedule of Contributions

### (Utah Retirement Systems)

For the Year Ended December 31, 2020

As of Fiscal year ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution		Contribution deficiency (excess)	Contributions as a percentage of covered employee payroll	
		\$	\$		Covered payroll	18.47%
Noncontributory System	2015	\$ 68,175	\$ 38,175	\$ -	\$ 369,111	18.47%
	2016	64,862	64,862	-	351,178	18.47%
	2017	63,310	63,310	-	342,770	18.47%
	2018	66,600	66,600	-	360,584	18.47%
	2019	71,733	71,733	-	388,378	18.47%
	2020	76,405	76,405	-	413,670	18.47%
Tier 2 Public Employees System*	2015	\$ 3,600	\$ 3,600	\$ -	\$ 24,123	14.92%
	2016	5,402	5,402	-	36,228	14.91%
	2017	4,846	4,846	-	32,392	14.96%
	2018	5,832	5,832	-	37,995	15.35%
	2019	6,736	6,736	-	43,178	15.60%
	2020	7,402	7,402	-	47,055	15.73%
Tier 2 Public Employees DC Only	2015	\$ 1,071	\$ 1,071	\$ -	\$ 16,010	6.69%
	2016	3,297	3,297	-	49,281	6.69%
	2017	1,071	1,071	-	16,010	6.69%
	2018	3,297	3,297	-	49,281	6.69%
	2019	3,434	3,434	-	51,325	6.69%
	2020	3,528	3,528	-	52,738	6.69%

\*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The schedule will be built prospectively. The schedule above is for the past six years. Contributions as a percentage of covered payroll may be difference than the board-certified rate due to rounding and other administrative practices.

**UTAH COUNTIES INDEMNITY POOL**  
**Notes to the Required Supplementary Information**  
**(Utah Retirement Systems)**  
For the Year Ended December 31, 2020

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*Changes in Assumptions of the total pension liability*

As a result of the passage of SB 129, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier I Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.

Draft

## **OTHER INDEPENDENT AUDITOR'S REPORTS**

Draft



**Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance  
And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With  
Government Auditing Standards**

The Board of Directors  
**Utah Counties Indemnity Pool**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Pool, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated April 9, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Larson & Company, PC  
Spanish Fork, Utah

April 9, 2021

**Independent Auditor's Report on Compliance and Report on  
Internal Control Over Compliance as Required by the  
State Compliance Audit Guide**

The Board of Directors  
**Utah Counties Indemnity Pool**

***Report on Compliance with General State Compliance Requirements***

We have audited **Utah Counties Indemnity Pool's** compliance with the applicable general state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on **Utah Counties Indemnity Pool** for the year ended December 31, 2020.

General state compliance requirements were tested for the year ended December 31, 2020 in the following areas:

Budgetary Compliance  
Open and Public Meetings Act  
Cash Management

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

***Auditor's Responsibility***

Our responsibility is to express an opinion on **Utah Counties Indemnity Pool's** compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*.

Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on **Utah Counties Indemnity Pool**. An audit includes examining, on a test basis, evidence about the **Utah Counties Indemnity Pool** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of **Utah Counties Indemnity Pool's** compliance.

***Opinion on General State Compliance Requirements***

In our opinion, **Utah Counties Indemnity Pool**, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on **Utah Counties Indemnity Pool** for the year ended December 31, 2020.

## ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance.

## **Report on Internal Control over Compliance**

Management of **Utah Counties Indemnity Pool** is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Utah Counties Indemnity Pool's** internal control over compliance with the compliance requirements that could have a direct and material effect on **Utah Counties Indemnity Pool** to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of **Utah Counties Indemnity Pool's** internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with general state or major state program compliance requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Larson & Company, PC  
Spanish Fork, Utah

April 9, 2021

# Utah Counties Indemnity Pool

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## MANAGEMENT LETTER

*For the Year Ended December 31, 2020*





April 9, 2021

To the Board Members and Management  
**Utah Counties Indemnity Pool:**

We have audited the financial statements of **Utah Counties Indemnity Pool** (the Pool) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 7, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Pool are described in Note 1 to the financial statements. There were no new accounting policies adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Pool during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Association's financial statements were:

Management's estimate of the reserves for losses and loss adjustment expenses is based on the actuarial opinion prepared by Mary Jean King, FCAS, CERA, MAAA, of By the Numbers Actuarial Consulting, Inc. We evaluated the key factors and assumptions used to develop the reserves for losses and loss adjustment expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of losses and loss adjustment expenses in Note 8 to the financial statements related to the Pool's reserves estimate.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated April 9, 2021.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Pool's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Schedule of Ten-Year Claims Development Information, the Schedule of the Proportionate Share of the Net Pension Liability, and the Schedule of Contributions, all of which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

***Larson & Company, PC***

Larson & Company, PC  
Spanish Fork , Utah

## **Schedule of Findings and Recommendations – Current Year**

### **Internal Control Findings – Current Year**

There were no State Compliance Findings noted for the period.

### **State Compliance Findings – Current Year**

There were no State Compliance Findings noted for the period.

## **Status of Findings – Prior Year**

### **Internal Control Findings – Prior Year**

#### **IC-2019.1 – Claims records**

**Condition:** During our claims testing, we noted 3 claims that had a difference between the amount recorded in the loss run and the sum of the files in the claim's folder. These differences were due to missing invoice support for one of the claim payments recorded in the loss run, and one claim being recorded twice in the loss run. We also noted one claim had the incorrect loss date recorded in the loss run. It appears the report date was errantly recorded as both the report date and the loss date in the loss run.

**Criteria:** Adequate internal controls would dictate that review procedures be in place to review and approve claims and loss runs, reconciling the two together. Adequate documentation should be retained for all claims.

**Cause of condition:** Oversight by management and staff.

**Status of finding:** This appears to have been addressed and corrected.

### **State Compliance Findings – Current Year**

There were no State Compliance Findings noted in the prior period.



**Utah Retirement Systems**  
**Final Condensed Retirement Contribution Rate Guide**  
**Fiscal Year July 1, 2021 - June 30, 2022**

	Contribution Reporting Fields Tier 1 - 2021-2022 RATES				Post Retired Employment after 6/30/2010 - NO 401(k) Amortization of UAAL**	Post Retired Employment before 7/1/2010 Optional 401(k) Cap	Contribution Reporting Fields Tier 2 - 2021-2022 RATES				Contribution Reporting Fields Tier 2 - 2021-2022 RATES					
	Tier 1			TOTAL			Tier 2			TOTAL	Tier 2			TOTAL		
	Employee	Employer					Fund	Employee	Employer		401(k)	Fund	Employee		Employer	401(k)
Public Employees Contributory Retirement System	6.00	14.46		20.46	8.37	12.09	111	0.00	17.83	0.62	18.45	211	0.00	8.45	10.00	18.45
11- Local Government	6.00	17.70		23.70	12.25	11.45										
12- State and School <sup>1</sup>	6.00	17.70		23.70	12.25	11.45										
17- Higher Education																
Public Employees Noncontributory Retirement System	-	18.47		18.47	6.61	11.86	111	0.00	16.07	0.62	16.69	211	0.00	6.69	10.00	16.69
15- Local Government	-	22.19		22.19	9.94	12.25	112	0.00	19.40	0.62	20.02	212	0.00	10.02	10.00	20.02
16- State and School <sup>1</sup>	-	22.19		22.19	9.94	12.25	117	0.00	19.40	0.62	20.02	217	0.00	10.02	10.00	20.02
18- Higher Education																
Public Safety Contributory Retirement System	12.29	22.79		35.08	11.77	23.31	122	2.27	25.85	0.00	28.12	222	0.00	11.85	14.00	25.85
Division A	12.29	24.37		36.66	12.93	23.73	122	2.27	27.01	0.00	29.28	222	0.00	13.01	14.00	27.01
23- Other Division A With 2.5% COLA																
77- Other Division A With 4% COLA																
Division B	10.50	22.81		33.31	9.77	23.54	122	2.27	23.85	0.00	26.12	222	0.00	9.85	14.00	23.85
29- Other Division B With 2.5% COLA	10.50	28.98		39.48	15.94	23.54	122	2.27	30.02	0.00	32.29	222	0.00	16.02	14.00	30.02
74- Other Division B With 4% COLA																
Public Safety Noncontributory Retirement System	-	41.35		41.35	18.46	22.89	122	2.27	32.54	0.00	34.81	222	0.00	18.54	14.00	32.54
Division A	-	34.04		34.04	11.75	22.29	122	2.27	25.83	0.00	28.10	222	0.00	11.83	14.00	25.83
42- State With 4% COLA	-	35.71		35.71	12.91	22.80	122	2.27	26.99	0.00	29.26	222	0.00	12.99	14.00	26.99
43- Other Division A With 2.5% COLA	-	50.38		50.38	26.89	23.49	122	2.27	40.97	0.00	43.24	222	0.00	26.97	14.00	40.97
75- Other Division A With 4% COLA	-	46.71		46.71	24.20	22.51	122	2.27	38.28	0.00	40.55	222	0.00	24.28	14.00	38.28
44- Salt Lake City With 2.5% COLA	-	48.72		48.72	26.30	22.42	122	2.27	40.38	0.00	42.65	222	0.00	26.38	14.00	40.38
45- Ogden With 2.5% COLA	-	42.23		42.23	19.61	22.62	122	2.27	33.69	0.00	35.96	222	0.00	19.69	14.00	33.69
46- Provo With 2.5% COLA	-	41.97		41.97	19.37	22.60	122	2.27	33.45	0.00	35.72	222	0.00	19.45	14.00	33.45
47- Logan With 2.5% COLA	-	32.28		32.28	9.66	22.62	122	2.27	23.74	0.00	26.01	222	0.00	9.74	14.00	23.74
49- Other Division B With 2.5% COLA	-	38.97		38.97	15.94	23.03	122	2.27	30.02	0.00	32.29	222	0.00	16.02	14.00	30.02
76- Other Division B With 4% COLA																
Firefighters' Retirement System	15.05	4.61		19.66	-	19.66	132	2.27	14.08	0.00	16.35	232	0.00	0.08	14.00	14.08
Division A																
31- Division A	16.71	7.24		23.95	-	23.95	132	2.27	14.08	0.00	16.35	232	0.00	0.08	14.00	14.08
Division B																
32- Division B																
Judges' Retirement System	-	44.38		44.38												
37- Judges' Noncontributory																

\* Does not include the required 1.5% 401(k) contribution.

\*\* Unfunded Actuarial Accrued Liability

1 Public School Districts and Charter School rates are effective September 1, 2021 - August 31, 2022



# Utah Counties Indemnity Pool

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## *FINANCIAL STATEMENTS*

Quarter Ending March 31, 2021

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# Utah Counties Indemnity Pool

## First Quarter 2021 Financial Statements

To the Board of Directors:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transactions of the Utah Counties Indemnity Pool as of March 31, 2021 to the basic financial statements.

Sonya White

Chief Financial Officer

801-307-2113

[sonya@ucip.utah.gov](mailto:sonya@ucip.utah.gov)

Reviewed this \_\_\_\_\_ day of \_\_\_\_\_, 2021

By: \_\_\_\_\_

**UTAH COUNTIES INDEMNITY POOL****STATEMENT of NET POSITION**

Quarter Ended March 31, 2021

	<u>Mar 31, 2021</u>	<u>Dec 31, 2020</u>	<u>Mar 31, 2020</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 16,208,985	\$ 14,344,764	\$ 16,361,000
Short-term investments	803,037	601,593	399,894
Accounts receivable	-	19	20
Prepaid expenses	<u>1,210,746</u>	<u>387,667</u>	<u>1,138,388</u>
TOTAL CURRENT ASSETS	<u>18,222,768</u>	<u>15,334,043</u>	<u>17,899,302</u>
LONG TERM INVESTMENTS	678,486	1,029,418	1,592,647
CAPITAL CONTRIBUTIONS	3,564,807	3,564,807	3,397,129
PROPERTY AND EQUIPMENT	535,295	535,714	535,146
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>132,055</u>	<u>132,055</u>	<u>199,901</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 23,133,411</u></u>	<u><u>\$ 20,596,037</u></u>	<u><u>\$ 23,624,126</u></u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Reserves for losses and loss adjustment expenses	\$ 8,889,882	\$ 8,889,882	\$ 8,940,196
Accrued expenses	162,086	160,925	155,315
Contributions paid in advance	<u>5,497,655</u>	<u>2,067,285</u>	<u>5,187,857</u>
TOTAL CURRENT LIABILITIES	<u>14,549,623</u>	<u>11,118,092</u>	<u>14,283,368</u>
<b>NONCURRENT LIABILITIES</b>			
Net pension liability	163,821	163,821	305,856
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>87,645</u>	<u>87,645</u>	<u>12,096</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>14,801,089</u>	<u>11,369,558</u>	<u>14,601,320</u>
<b>NET POSITION</b>			
Net investment in capital assets	529,241	529,241	529,241
Unrestricted	<u>7,803,080</u>	<u>8,697,238</u>	<u>8,493,566</u>
TOTAL NET POSITION	<u><u>8,332,321</u></u>	<u><u>9,226,479</u></u>	<u><u>9,022,806</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 23,133,411</u></u>	<u><u>\$ 20,596,037</u></u>	<u><u>\$ 23,624,126</u></u>

**UTAH COUNTIES INDEMNITY POOL**  
**STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION**  
**Quarter Ended March 31, 2021**

	<u>Mar 31, 2021</u>	<u>Budget</u>	<u>Over Budget</u>	<u>% of Budget</u>
OPERATING INCOME				
Contributions	\$ 1,832,592	7,330,207	(5,497,615)	25%
Investment Income	21,788	320,000	(298,212)	7%
Other Income	636	10,000	(9,364)	6%
TOTAL OPERATING INCOME	<u>1,855,016</u>	<u>7,660,207</u>	<u>(5,805,191)</u>	<u>24%</u>
UNDERWRITING EXPENSES				
Losses and Loss Adjustment Expenses	1,980,162	3,750,000	(1,769,838)	53%
Reinsurance Coverage	532,095	2,110,000	(1,577,905)	25%
TOTAL UNDERWRITING EXPENSES	<u>2,512,257</u>	<u>5,860,000</u>	<u>(3,347,743)</u>	<u>43%</u>
ADMINISTRATION EXPENSES				
Directors	0	55,000	(55,000)	0%
Depreciation	419	3,000	(2,581)	14%
Risk Management	15,676	70,000	(54,324)	22%
Public Relations	0	22,000	(22,000)	0%
Office	7,080	100,000	(92,920)	7%
Financial/ Professional	7,000	100,000	(93,000)	7%
Personnel	205,500	815,000	(609,500)	25%
TOTAL ADMINISTRATION EXPENSES	<u>235,675</u>	<u>1,165,000</u>	<u>(929,325)</u>	<u>20%</u>
TOTAL OPERATING EXPENSES	<u>2,747,932</u>			
NET OPERATING INCOME	<u>(892,916)</u>			
OTHER INCOME (EXPENSES)				
Change in Fair Value Investments	<u>(1,242)</u>			
TOTAL OTHER EXPENSES	<u>(1,242)</u>			
CHANGE IN NET POSITION	<u>(894,158)</u>			
NET POSITION AT BEGINNING OF YEAR	<u>9,226,479</u>			
NET POSITION AT END OF QUARTER	<u>\$ 8,332,321</u>			

**UTAH COUNTIES INDEMNITY POOL**  
**STATEMENTS OF CASH FLOWS**  
Quarter Ended March 31, 2021

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions collected	\$ 5,262,943	\$ 7,872,137
Other fees collected	636	19,067
Reinsurance paid	(1,382,384)	(1,993,232)
Losses and loss expenses paid	(1,980,162)	(3,949,401)
Cash paid to employees	179,182	(889,010)
Other administrative expenses paid	(29,756)	(271,899)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2,050,460</u>	<u>787,662</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(210,000)	(2,026,768)
Sale of investments	732	1,668,086
Investment income	23,030	19,333
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(186,239)</u>	<u>(339,348)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,864,221	448,314
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>14,344,764</u>	<u>13,896,450</u>
<b>CASH AND CASH EQUIVALENTS AT END OF QUARTER</b>	<u><u>\$ 16,208,985</u></u>	<u><u>14,344,764</u></u>
<b>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net position	\$ (894,158)	408,548
Adjustments to reconcile change in net position to net cash flows used by operating activities		
Depreciation	419	1,676
Interest on investments	(21,788)	(194,389)
Net outflows of resources relating to pension	383,521	(134,332)
Fair value of equity/investments	1,242	(175,056)
Accounts receivable	(19)	19
Prepaid expenses	(850,289)	(43,941)
Reserves for loss and loss adjustment expenses	-	(50,314)
Accrued expenses	1,161	20,526
Contributions paid in advance	3,430,370	954,926
Total adjustments	<u>2,944,618</u>	<u>379,114</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u><u>\$ 2,050,460</u></u>	<u><u>787,662</u></u>

## **Cooperative Agreement**

This Cooperative Agreement is made effective as of March 15, 2021, between Utah Association of Counties (“UAC”) a Utah non-profit organization and Utah Counties Indemnity Pool (“UCIP”) a Utah political subdivision (jointly the “Parties”).

Whereas, UAC and UCIP have substantially common membership consisting of counties and county related entities.

Whereas, UCIP’s primary purpose is to provide services to UAC Members.

Whereas, a majority of UCIP’s governing body are UAC Members.

Whereas, UCIP’s current purpose, operations and policies are consistent with, and not in competition with, UAC’s mission and values.

Whereas, UAC was instrumental in creating UCIP for the benefit of UAC members, and was the original administrator of UCIP.

Whereas, UAC and UCIP believe it is in their mutual best interests to coordinate services and support each other’s activities by supporting and servicing counties and county related entities in the State of Utah.

Whereas, UAC and UCIP desire to enter into a cooperative agreement in recognition of their past relationship and to achieve mutual benefit for their organizations and members.

Now, Therefore, in consideration of the mutual promises set forth herein, the parties hereto agree as follows:

### **UAC SHALL:**

- Promote UCIP by displaying or allowing the display of their logo and other agreed-upon identifying information in UAC’s marketing, advertising and promotional media and shall not provide similar benefits to any competitor or potential competitor of UCIP;
- Promote UCIP as a UAC Partner Organization at the highest level of UAC’s Corporate Partnership Program with all the corresponding benefits of that level of partnership, including attendance at UAC conferences, conventions and events by UCIP staff at no charge and shall not provide access to UAC’s Corporate Partnership Program to any competitor or potential competitor of UCIP without UCIP’s written agreement;
- Provide UCIP first right of refusal to sponsor and for space to promote itself at UAC events where partners or vendors are allowed to sponsor and or exhibit, including without exception UAC Management Conference, UAC Annual Conferences and all UAC special events and activities, and shall not permit competitors or potential competitors of UCIP exhibit space or sponsorship opportunities at any UAC event;
- Provide UCIP first right of refusal to sponsor name badge lanyards or other name badge holders used at UAC conferences, conventions or events and shall not permit competitors or potential competitors of UCIP to sponsor name badge lanyards or holders;

- Provide UCIP first right of refusal for placement of promotional ads in any UAC Member Directory, Membership Service Directory or other UAC publications and shall not permit competitors or potential competitors of UCIP promotional ad space in UAC directories or publications; and
- Promote UCIP as a preferred training partner of UAC, allow UCIP training opportunities at UAC conferences and events when appropriate and shall not allow competitors or potential competitors to present or provide training at any UAC conference or event without UCIP's written agreement.

**UCIP SHALL:**

- Promote UAC by displaying or allowing the display of their logo and other agreed-upon identifying information in UCIP's marketing, advertising and promotional media and shall not provide similar benefits to any competitor or potential competitor of UAC;
- Promote UAC as a major sponsor of all UCIP training workshops and UCIP Membership Meetings and not allow competitor or potential competitor of UAC to sponsor any UCIP event;
- Assist in sponsoring special UAC events, conferences and conventions by providing in-kind support, and at UCIP's discretion provide financial support as a sponsor of UAC special events;
- Provide presentations and other training support to UAC and its members in areas related to risk management, liability, insurance, safety and other subjects UCIP has expertise in.
- Promote UAC and each of its events and activities and agree not to promote any competitor or potential competitor of UAC; and
- Rent space in the UAC offices under a separate rental agreement, which agreement will provide for UCIP and UAC to share the expense of contracted receptionist staff to provide service to both organizations.
- Provide an Annual Base Sponsorship Fee to UAC in the amount of \$17,500 annually. The Annual Base Sponsorship Fee payment may be adjusted annually by either party providing written request to the other party no later than October 1<sup>st</sup> for an adjustment to the next Annual Financial Support Payment. The parties agree to enter into reasonable negotiation of the Annual Base Sponsorship Fee and shall enter into a written amendment to this Agreement confirming the agreed payment amount no later than December 1<sup>st</sup> of the year preceding the adjustment.

**TERM AND TERMINATION.** The term of this Agreement shall be from April 1, 2021 and shall continue in full force and effect until terminated or amended by the parties. Either party may terminate this Agreement by providing written notice to the other party of their intent to terminate this Agreement at least 60 days in advance of the effective date of termination. If UAC terminates this Agreement at any date other than January 1 of any year, UAC shall return



the pro-rata portion of the Annual Base Sponsorship Fee made by UCIP under the terms of this Agreement within 30 days of the date of the termination.

### **PAYMENT**

UAC shall invoice UCIP for the Annual Base Sponsorship Fee in January of each year. The parties agree the Annual Base Sponsorship Fee does not include sponsorship of special UAC events which UCIP has first right of refusal to sponsor, and such sponsorship shall be invoiced to UCIP separately. All invoices shall be payable within 30 days of receipt.

Payment to UAC shall be made to:  
Utah Association of Counties  
5397 S Vine St, Murray, Utah 84107

### **NOTICES**

Any notice or communication required or permitted under this Agreement shall be sufficiently given if delivered in person or by certified mail, return receipt requested, to the following addresses or to such other address as one party may have furnished to the other in writing. The notice shall be deemed received when delivered or signed for, or on the third day after mailing if not signed for.

Utah Association of Counties  
Attn: Brandy Grace  
5397 S Vine Street  
Murray, UT 84107

Utah Counties Indemnity Pool  
Attn: Johnnie Miller  
5397 S Vine Street  
Murray, UT 84107

### **REMEDIES ON DEFAULT**

The parties acknowledge and agree that the parties are entitled to equitable remedies including injunction and specific performance for the breach of any provisions of this Agreement. In addition to any and all other rights available according to law, if either party defaults by failing to substantially perform any material provision, term or condition of this Agreement (including without limitation the failure to make a monetary payment when due), the other party may elect to cancel this Agreement if the default is not cured within 60 days after providing written notice to the defaulting party. The notice shall describe with sufficient detail the nature of the default.

### **ENTIRE AGREEMENT**

This Agreement contains the entire agreement of the parties regarding the subject matter of this Agreement, and there are no other promises or conditions in any other agreement whether oral or written. This Agreement supersedes any prior written or oral agreements between the parties.

### **AMENDMENT**

This Agreement may be modified or amended if the amendment is made in writing and signed by both parties.

### **SEVERABILITY**

If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it

would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

#### **ASSIGNMENT OF RIGHTS**

The rights of each party under this Agreement are personal to that party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other party.

#### **WAIVER OF CONTRACTUAL RIGHT**

The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver, estoppel or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

#### **APPLICABLE LAW**

This Agreement shall be governed by the laws of the State of Utah.

#### **SIGNATURES**

This Agreement shall be executed on behalf of Utah Association of Counties by Brandy Grace, its CEO and on behalf of Utah Counties Indemnity Pool by Johnnie Miller, its CEO. By signature below, both individuals attest that this Agreement has been properly approved by their respective organizations and that they have authority to enter into this Agreement.

#### **Utah Association of Counties**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Brandy Grace  
CEO

#### **Utah Counties Indemnity Pool**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Johnnie Miller  
CEO